

# **Octopus Energy Group Limited**

## Annual Report and Financial Statements 2022

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**“Octopus Energy is dedicated to building a better energy system. That’s never been more important than now.”**

**Greg Jackson** Founder and CEO

## **Contents**

<b>02</b>	Foreword
<b>04</b>	Overview of Octopus Energy Group Limited – highlights from FY22
<b>06</b>	Directors’ report
<b>12</b>	Spotlight on the business
<b>14</b>	Key acquisitions
<b>18</b>	Octopus Energy Generation – investing in our future
<b>20</b>	Strategic report
<b>26</b>	Principal risks and uncertainties
<b>30</b>	Corporate governance – Wates Principles
<b>32</b>	Directors’ responsibilities statement
<b>33</b>	Independent auditor’s report
<b>36</b>	Consolidated statement of comprehensive income
<b>37</b>	Consolidated statement of financial position
<b>38</b>	Company statement of financial position
<b>39</b>	Consolidated statement of changes in equity
<b>40</b>	Company statement of changes in equity
<b>41</b>	Consolidated statement of cash flows
<b>42</b>	Notes to the financial statements
<b>74</b>	Statutory Company information



# Foreword

02

**I'm proud of the way Octopus Energy Group Limited (OEGL, the Group) has worked incredibly hard to support customers and staff through the pandemic and now the energy crisis, whilst relentlessly building towards a cleaner, cheaper, more resilient system – hopefully making this the last energy crisis.**

We've continued to step up to the plate to work with industry and governments to help navigate the short- and long-term challenges in energy and are playing our part at every level. OEGL is dedicated to building a better energy system and that's never been more important than now.

Through our work with HRH King (formerly Prince) Charles's Sustainable Markets Initiative, we are working with some of the world's leading businesses to drive a faster transition to a sustainable energy system. With the UK Government in particular, we've shared data and analyses to help define rapid solutions to the crisis, as well as systemic changes to help create the clean, green energy system of the future. Through our own Data Science teams and Centre for Net Zero, we're dedicated to using data, modelling and simulation to inform and unlock policy change.

Thanks to the acquisition of fund management business Octopus Renewables Limited (ORL), we now have deep know-how in renewable generation with over £4bn under management, as well as the prospect of unlocking value for consumers, investors and OEGL through Kraken's abilities to optimise the full supply chain. With the superb efforts of the team in both Energy and Renewables, the people-integration has been outstanding. The Group's culture enables smooth organisational growth and the ability to hit the ground running with minimum friction and maximum cross-pollination.

## Greg Jackson

Chief Executive Officer

OEGL entered three new retail markets and grew its UK customer base to 3.2 million, whilst maintaining industry-leading service levels. Not least, we absorbed the single largest failed supplier taken on by any energy player during the period, with Avro, bringing around 600,000 customers into the Octopus Energy brand. Smoothed by Kraken and the incredible work of the team, a YouGov survey showed that Avro customers had the highest satisfaction amongst any former energy supplier migrated during the year\*.

The establishment of our heat pump centre in the UK is an important driver of change at this critical point in global decarbonisation. Our in-house R&D, bolstered by the recent acquisition of heat pump manufacturer RED, means OEGL has dozens of patented innovations that are ready to move from lab to market, and ready to scale.

Looking forward, we will work with agility to navigate the continuing crisis, balancing the needs of customers, staff, climate and shareholders – whilst maintaining and accelerating our strategic development. Never have Octopus's founding principles been more important – customer-centricity, rapid transition to renewables and using deep technology to reduce cost. We are determined to build a more valuable business and in the long term be an important contributor in many markets – aligned with the needs of governments and citizens.

\* See page 17 for more information.

**Stuart Jackson**  
Chief Financial Officer  
and Co-Founder

**FY22 was yet again a transformational year for Octopus Energy Group Limited.**

As well as reaching 3.4 million customers globally and growing the number of accounts already migrated on the Kraken platform from 7.5 million to 16.1 million, we've also doubled revenue to over £4bn, grown gross margin to £246m and increased net assets from £204m to £473m. We've managed this despite absorbing c.£141m through the profit and loss account, to keep customer bills lower through the energy crisis. We've also undertaken seven important acquisitions, including two purchases of customer books in countries where OEGL is already established.

In the UK, Octopus Energy Limited (OEL), the largest financial driver of the Group (see page 20), remained stable while other suppliers in the energy market defaulted and the regulatory environment continues to evolve (see page 27). OEL took on c.600,000 customers from the failed energy supplier Avro, all whilst maintaining customer happiness scores as best in class. Through this period, the Group made strategic retail acquisitions in Spain, Italy, and France, with a combined customer book of more than 100,000 customer accounts. OEGL has seen growth internationally, with the customer book in Germany increasing by nearly five times. Following the acquisition of ORL, an incredible £1.2bn of third party funds has been raised and allocated to deploy into its renewable fund management business, and Kraken Technologies Limited (KTL) signed another highly strategic partnership in a £200m contract, to name just a few business highlights.

As well as driving scale, we have significantly broadened the scope of the Group to shape and capture value from the global energy transition. Our acquisition of Octopus Renewables' fund management business has broadened OEGL's insights into the Generation space, which becomes powerful when combined with our Kraken Flex technology. Our Electric Vehicle (EV) leasing

business exited the year with £140m worth of vehicles under contract and supports the UK's net zero objectives by starting to create a large base of flexible electricity consumption as a counterbalance to the inherent volatility in renewable energy.

Underpinning OEGL's growth is an agreed £522m equity investment, the Group have drawn upon £391m in FY22, coming from two of the world's leading financial investors – Canadian Pension Plan Investment Board (CPPIB) and Generation Investment Management.

Importantly, OEGL has weathered one of the most volatile periods in global energy market history. The Group made the critical decision to support our customers rather than take profits in the retail business this year. We held our fixed rates low while energy prices rose and unlike many other suppliers, we chose to set our Standard Variable Tariff (SVT) lower than the new UK price cap.

Despite 12-month power prices peaking at over 800% of those in FY21, we remained financially stable throughout thanks to:

- prudent hedging policy designed around the commitments we make to customers and those imposed by the price cap structure
- OEGL's operating cost advantage
- being sufficiently capitalised to meet stress-tested outcomes

Going into FY23, OEGL is well backed by long-term shareholders that understand the incredible future opportunity for OEGL, and share our vision that laying the groundwork of fairness and customer trust is essential in driving the energy transition. I am excited to continue driving our ambitious journey this coming year.

## Overview of Octopus Energy Group Limited - highlights from FY22

04

Octopus Energy Group Limited  
Annual Report and Financial Statements 2022

# +110%

**Revenue increase**  
from £2.0bn in FY21  
to £4.2bn in FY22

**Net loss of £141m**

largely reflecting OEGL's  
decision to keep bills  
lower for customers  
during the crisis

# +1.3m customers

**Total retail growth**  
from 2.1m in FY21 to 3.4m in FY22

# x5

**Which? Recommended  
Supplier of the Year**  
for 5 years running (OEL)

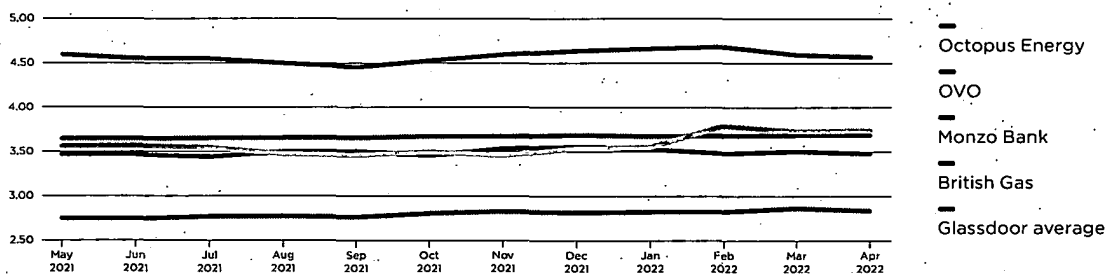
# +£522m

**Total investment agreed in FY22,  
with £130m of this committed in FY23**

# 25m+

**Accounts contracted\***  
on the Kraken Tech  
Platform

## Glassdoor employee ratings



# 4.7 stars

**on Trustpilot**

Average score for OEL  
over FY22

# +1,270

**New employees**  
with a total of 2,770  
at April 2022

# 50

**Industry awards received**  
and of which, 76% as  
1st place winner

\* Accounts contracted include accounts that have not yet migrated onto the Kraken platform but are contracted in the pipeline.

## Directors' report

06

Octopus Energy Group Limited  
Annual Report and Financial Statements 2022

### What we do

Octopus Energy Group Limited is an EnTech pioneer. It encompasses businesses that engage in energy supply: as a retailer, a software platform provider, the installation of smart meters and EV chargers, fund management, EV leasing, renewable electricity generation alongside a host of other energy technologies.

OEGL is at the forefront of driving the green energy revolution globally through technology. Our team is committed to finding the quickest and most efficient route to bringing affordable renewable energy to consumers and businesses. We are driving full energy system change – and are reinventing the way that energy is utilised via a continued stream of physical and technological innovations. This effort is underpinned by the Group's proprietary software and technology platform, Kraken, which is used directly within its own Octopus Energy branded supply business, as well as being leased to other major energy suppliers around the world.

Kraken is built to be globally scalable and to drive the uptake of the smart grid. The technology greatly improves the efficiency and customer service of energy suppliers, enabling the low operational cost to serve in the market. Based on advanced data and machine learning capabilities, the end-to-end platform automates much of the energy supply chain and is structured to empower customers to access power when cheaper and greener.



### Future developments

The Directors expect the Group to continue growing rapidly both through organic growth and acquisitions during the forthcoming year. In particular, asset deployment opportunities in EVs, heating and renewable generation will fuel this growth, as well as deepened access to energy markets via our Flex platform.

We continue to invest in building proprietary technology to support platform growth, supplier efficiency, flexibility services, customer service quality and further innovations in generation and supply.

Growth in customers on the Kraken platform will be through both the Group's own energy supply businesses in the UK and globally, as well as through new licence arrangements with other energy suppliers around the world. Since year end, OEGL has also announced that Kraken Technologies will be establishing a new division outside the Energy industry – Kraken Utilities.

The Bulb acquisition disclosed in subsequent events in Note 24, is being acquired through a newly incorporated company within the Group.

### Dividends

The Directors did not recommend an interim or final dividend to be paid during the period (2021: £nil).

# £1.2bn

**Third party funds raised and allocated into renewable generation investments in FY22**

### Going concern

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have assessed the liquidity of the business through a detailed going concern forecast and considered the associated hedge position required, which is procured through a third party without collateral requirements. There are significant peaks and troughs through the year with April generally the low point of the cashflow cycle. On the basis of funding received from shareholders, along with available facilities

and trading lines, the forecast cash flows show significant headroom through the going concern period even under stressed conditions reflecting reasonable sensitivities identified. The general approach to hedging expected supply requirements is set out on page 27 along with consideration of the Group's principal risks and uncertainties. The UK Government's Energy Bill Support Scheme and the Government's Energy Price Guarantee provide significant support to households over the period to at least April 2023 in the face of unprecedented energy costs rises which would otherwise have been passed on to households through the price cap mechanism. These interventions reduce otherwise anticipated bad debt and the working capital required to extend credit through winter to customers who pay by fixed direct debit. As noted on page 27 these regulatory changes are subject to review and expected to cease in their current form from April 2023 although the extent of the change is not yet known at the time of issuing the financial statements. Depending on the extent of the revisions there is a potential for higher levels of bad debt as customers are exposed to significantly higher prices. However this will occur during the cash accretive part of the going concern period and therefore unlikely to present liquidity issues during this period.

The Group assembles a set of sophisticated financial forecasting models from all divisions which it tracks and calibrates carefully based on actual performance. The largest cashflow movements are driven by the energy supply business and this forecasting includes changes in both the hedge book and forward wholesale market prices. The Directors have actively considered downside sensitivities of cashflows from operations including that which would arise from a cold winter in the context of the energy crisis. The Directors have evaluated risks based on historic weather data, which is used to model a range of increased consumption that could arise from an unusual, sustained cold winter weather.

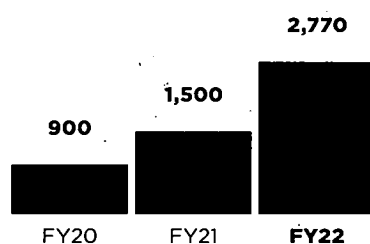
# Directors' report (continued)

08

event. This is considered together with significant but correlated wholesale price increases combined with high wholesale prices and set off against the higher proportion of cash collection that tracks consumption volume as a result of the Energy Price Guarantee scheme.

The going concern analysis assumes that a majority of customers are retained on the standard variable tariff reflecting the protections provided under the current price cap mechanism and the stability afforded by the Market Stabilisation Charge mechanism. Higher potential customer bad-debt could arise as a result of current macroeconomic trends. The Directors accordingly continue to monitor performance and sensitivity analyses closely and note that the Group is sufficiently well funded and capitalised to withstand a range of compounded scenarios over the 12 month period following the date of signing of the financial statements.

## Total number of employees at year end



Octopus Energy Group Limited has received equity injections as well as access to financing through committed loans from banks, trading counterparties and cash generated by other Group businesses. The bank loans are backed by investor guarantees. The business also continues to actively consider further investments and additional working capital facilities although the Going Concern position does not assume these facilities are secured. Corporate investment across the Group and acquisition activity is also being tailored to reflect the current economic and regulatory environment.

Following the process above the Directors have a reasonable expectation that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and consequently have prepared the financial statements on a going concern basis.

## Engaging with our stakeholders

This report sets out how the Directors comply with the requirements of Section 172 Companies Act 2006, including employee engagement, and how these requirements are considered in the Board's decision making throughout the year.

Further details on stakeholder engagement are set out on page 30 within the Corporate Governance Report.

It is the Board's priority to ensure that the Directors have acted both individually and collectively in good faith, and in the way that they consider would be most likely to promote the success of OEGL for the benefit of its members as a whole and with regard to all its stakeholders. The requirements of Section 172 of the Company Act can be summarised as follows:

- A Director of a company must act in the way they consider to be in good faith and would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:
- the likely consequences of any decision in the long term,
  - the interests of the company's employees,
  - the need to foster the company's business relationships with suppliers, customers and others,
  - the impact of the company's operations on the community and the environment,
  - the desirability of the company maintaining a reputation for high standards of business conduct, and
  - the need to act fairly between members of the company.

The following paragraphs summarise how the Directors fulfil their duties:

## Risk management

Risk management is a key function of the Board's role in oversight of the business and the Octopus Group's success in achieving its strategic objectives and mission.

The Board regularly reviews risks during the monthly management reporting process and also during the quarterly Board meetings.

Management also review risks on a weekly basis through a series of detailed operations reporting packs. Octopus balances risk and agility through a sophisticated mix of stress testing, reporting and frequent senior level oversight across the spectrum of risks. This enables the Group to understand and prepare for the impact of risk crystallisation and react fast as required.

The principal risks and uncertainties facing the Octopus Group are outlined in the Strategic Report.

## Our people

People are the most important part of the Group. Everything we have built at OEGL was built by our people. We are acutely aware of their importance in everything we do. The continuous feedback loop from the people that make up our business allows us to consistently find better ways of working together. For OEGL, pioneering better ways to work is equally as important as our task in paving the way for the green revolution.

OEGL puts particular focus and effort in nurturing a culture of autonomy, empowerment and trust. We encourage straight-forward, honest and transparent communication.

Despite one of the toughest years for our staff in Octopus Energy Limited (OEL), our UK retail business, due to the energy crisis, Glassdoor scores remained stable and stellar.

All permanent staff own shares or are granted share options in the Group, so derive added benefit from the ongoing growth and success of the business, helping to align employee values with those of shareholders.

Informal, regular access to our senior management team drives accountability at all levels. We achieve this via a number of channels – from open internal messaging to a weekly ‘Family Dinner’ where all members of staff across the world are invited to the same online meeting. Family Dinner is an important time for the whole Company to learn about the latest business developments.

During these sessions, employees are encouraged to ask questions directly to the CEO and to celebrate the achievements and challenges of their teams together.

The business continues to achieve outstanding levels of staff engagement as it scales. This is reflected in the year’s Glassdoor employment scores – with 91% of staff saying they would recommend working at OEGL to a friend, and 96% for Greg Jackson’s personal ratings as CEO.

OEGL is an inclusive business, welcoming applications for employment from anyone, no matter their background. Applications for employment by disabled persons are particularly fully considered, bearing in mind the aptitudes of the applicant concerned. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

## Our customers

OEGL is built on a foundation of obsessively delivering outstandingly positive experiences for customers. The fundamental principles of pragmatism, simplicity and honesty are ingrained in all areas of the business, including the Board. The Board regularly reviews customer service metrics including Trustpilot scores and customer complaint volumes. The result of this focus across all areas of the business, including the Board, is phenomenal engagement with our customers.

Further details are set out on pages 30 and 31 within the Corporate Governance Report.

## Business relationships

We carefully select partners and suppliers to work with on a number of factors including their reputation within their industry and ability to demonstrate care and quality throughout their process. Our onboarding process is grounded in our business and personal principles, including our undertakings and provisions outlined in our Modern Slavery Statement.

We operate under the Prompt Payment Code for all suppliers that are onboarded to ensure that suppliers are paid on time, to provide them with clear guidance on our payments processes and to encourage good practice throughout the supply chain.

# Directors' report (continued)

10

## Community and environment

The Group is helping the world move towards a decarbonised future, underpinned by renewable power generation; our technologies support system-wide change to end the world's dangerous reliance on fossil fuels. Alongside this, the electricity we supply is matched with appropriate carbon credits. We are also strong supporters of locally-sourced renewable energy, working on the sharp edge of local energy innovation with numerous tech trials and constantly growing our base of 'community energy' contracts, which now includes more than 400 small-scale renewable energy generators across the UK.

A host of other important projects driving the energy transition and positive community change – including major investments by OEGL – are detailed in 'Energy Efficiency Action' in the Strategic Report.

The business also maintains funds under its own control, with contributions of £5m made in the period to support vulnerable and low-income households. In addition, from June 2021, the highest paid Director provided £85,000 of his salary to be used by this fund and an employee support fund, such that after personal taxes the result of this was equivalent to him receiving the minimum wage for the majority of the year.

## Shareholders

Our Shareholders comprise the key groups:

1. Octopus Capital, who have supported the Octopus Energy vision, mission, and growth since inception
2. Origin Energy who, in 2020, invested over £215m of equity into the Group to support continual growth, with a further £37m received within the year and £94m post year end
3. Tokyo Gas, who invested over £150m in 2021 and an additional £45m in FY23 – and together with whom the Group is expanding into Japan through a joint venture
4. Generation Investment Management, chaired by climate champion Al Gore, have invested £286m to acquire a 9% minority stake in Group to unlock licensing, strategic and financing partnerships with a further £25m committed in FY23
5. CPPIB, one of the largest global pension funds, provided equity investment of £106m in the year for a 3% minority stake, with a further £106m committed in FY23
6. Our people: all employees own a part of Octopus Energy, so derive added benefit from the growth and success of the business to which they contribute

We are committed to openly engaging with our shareholders and all shareholder interests are represented at the Group's Board meetings.

Employee shareholder interests – i.e. the interests of those that make up the Company – are represented by the three founding Board members. Minority corporate shareholders have additional reserved matter protections.

## Business conduct

We aim to provide green energy in ways which are economically, environmentally and socially responsible. The executive team is fully engaged in the detail of the business and relationships with key stakeholders, including customers. Senior executives monitor various forms of customer communication closely and all handle some customer communications directly to retain a first-hand understanding of customer and employee sentiment, and the impact of our actions on customers as a business.

The business continues to achieve outstanding levels of staff engagement as it scales. As mentioned above, we also apply this philosophy to supplier relationships, which we know work best when there is deep understanding and appreciation of the activities each party undertakes and the constraints under which they work.

In April 2021, OEGL became a certified B Corporation (B Corp), joining a group of companies that are pursuing purpose as well as profit. This score is validated on a bi-annual basis and indicates that OEGL is recognised as a company that aims to uphold high standards across five key value areas: Governance, Workers,

OEGL is committed to investing resource into local energy projects, such as via our Octopus Energy Fan Club.

Community, Environment, and Customers. The Group continues to strive to continually improve across all key areas in FY23.

#### Events after the balance sheet date

The Group continues to develop at pace and subsequent to the balance sheet date its subsidiary Octopus Energy Limited has signed an agreement to early finance the industry levy receivables related to the Avro SOLR customer acquisition. This agreement accelerated the receipt of £633m of receivables from other industry counterparties.

OEGL has received cash in from CPPIB (£106m), Origin Energy (£94m) and Tokyo Gas (£45m) on 9 August 2022 as part of Tranche 2 for the committed equity investment.

In September 2022 the UK Government announced the Energy Bills Support Scheme (EBSS). The EBSS is a scheme which forms part of the Government's cost of living assistance package for energy consumers from October 2022 to March 2023. The EBSS provides domestic electricity customers in Great Britain with £400 of support, delivered by electricity suppliers, such as OEL, over six months from October 2022.

Additionally, the UK Government announced the Energy Price Guarantee (EPG). The EPG will reduce the unit cost of electricity and gas so that a typical household in Great Britain will save around £700 this winter. The EPG will be in place from 1 October 2022 until 31 March 2023 and will pay suppliers, such as OEL, any consumption used by consumers over and above the Government's Price Cap.

Following an industry consultation subsequent to year end and determination in September 2022 a further claim has been submitted for consideration by Ofgem in recent weeks relating to the Avro SOLR process and represents a further c.10% of the increased total claim of £760m. No value has been recognised for this additional claim submitted post year-end reflecting the additional basis for a further determination only being provided subsequent to 30 April 2022 and it accordingly has been treated as a non-adjusting post balance sheet event. It is also subject to agreement and finalisation with Ofgem and at an early stage of that process.

On 28 October 2022 the Group executed an agreement with the special administrators of Bulb Energy to acquire a business containing Bulb's 1.5 million customers. The sale will be completed following a statutory process called an Energy Transfer Scheme, which will transfer the relevant assets of Bulb into a new separate entity that will protect consumers during the transfer process. On 29 November 2022 the High Court set a timeline for transfer on 20 December 2022. Whilst the decision of the Secretary of State for Business, Energy and Industrial Strategy

has been challenged through a judicial review expected in early 2023, transfer will be on the 20 December 2022.

#### Directors

The Directors who served throughout the year were as follows: G Jackson, S Jackson, J Eddison, C Hulatt, S Rogerson, M Lawrence, J Briskin, T B Hodges (appointed 18 October 2021).

#### Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report.

#### Auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as that Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Deloitte LLP will therefore continue in office.

Approved by the Board and signed on its behalf by:



**S Jackson**  
Director

7 December 2022

Registered office:

UK House, 5th Floor, 164-182 Oxford Street  
London, United Kingdom, W1D 1NN

## Spotlight on the business

12

Octopus Energy Group Limited  
Annual Report and Financial Statements 2022

### Octopus Electric Vehicles Limited (OEV) - a year of exponential growth

After the launch of OEV leasing just over one year ago, the Company is now delivering 400 vehicles per month (either through brokerage or full leasing contracts). The total value of vehicles under contract, live and yet to be delivered (as of April 2022) was £140m. As of the report's publication date, this is closer to £280m.

By focusing on what Octopus Energy as a group can offer customers, the Electric Vehicles business has created a unique proposition. Customers are supported from the first explanation of offers via a smooth ordering process, to charging services and installation, right through to delivery and post-delivery service.

Working seamlessly across the Group to offer home charging (via Octopus Energy Services), public charging (via our Electric Juice Network) and with EV-specific smart tariffs, OEV is the first player in the market to demonstrate the real benefits of a full-stack, fully integrated approach.

**"They made moving to an EV painless. I have never experienced this level of service from any company."**

Customer feedback Trustpilot

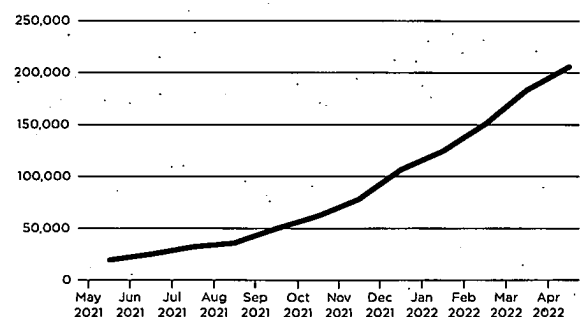
#### Key highlights in OEV this year

- Over 1,300 vehicles on fleet (having since grown to 2,700)
- 150+ employees
- c.200k employees in businesses eligible for OEV salary sacrifice schemes
- c.1.2k employers with OEV salary sacrifice schemes
- Over £12m Annual Recurring Revenue (ARR) from leasing
- Top month of sales so far: >800 orders taken in 30 days

# 4.9 stars

on Trustpilot

#### Cumulative prospective employee base (salary sacrifice scheme)



**"Extremely knowledgeable and they went the extra mile to ensure I got what I needed for my growing family. They answered all my questions and eased my mind throughout the entire process towards the right EV for us."**

Customer feedback Trustpilot

## Octopus Energy Services Limited (OES) – spearheading the energy transition

FY22 has been an incredible growth story for OES. OES have committed to invest £10m into a 'ground up' R&D centre named '212', the venue now has capacity to train 1,000 UK heat pump engineers every year.

After the realisation that real training works best on real houses (but finding it difficult to find trial houses to buy and use for large scale training), the team built their own 'average UK street' inside 212, with two full-scale 'standard-build' houses and streets with in-built EV chargers.

OES started life as a smart meter installation business. Now the team not only install meters, but also EV charging points, heat pumps and, within the coming months, will begin training for solar and battery storage installations too.

OES personnel take customers on an end-to-end journey from point of enquiry, from assessing their property with an in-home survey experience, to generating on-the-spot, fully costed heat pump quotes.

### Designing and manufacturing our own heat pump

An important event this year was an investment in Northern Ireland based heat pump manufacturer Renewable Energy Devices – known as RED.

Heat pumps are one of the most crucial pieces of technology society has to reduce our residential carbon usage. At nearly four times the efficiency in terms of heat output than a standard gas boiler, heat pumps are still expensive items that are inaccessible by a large part of the market.

Our existing R&D skill sets, combined with the deep market expertise of RED, means we now have an incredible opportunity to drive fast and effective development of a new kind of heat pump, cost-competitive with a standard boiler.

#### Key highlights in OES this year

**513,000+**  
**Smart meters installed**  
(on a standard working week, that's one every 14.6 seconds!)

**285**  
**New employees this year**  
(a growth of +150%)

**96%**  
**Customer satisfaction score**  
(average over FY22)

**“Our strategy remains to deliver the same outstanding customer-centric service as the wider Octopus Energy Group, meaning we'll continue to invest in building these capabilities in-house with direct delivery routes.”**

**John Szymik** CEO Octopus Energy Services

## Key acquisitions

14

FY22 saw the expansion of Octopus Energy Group to several new regions. Retail acquisitions in Spain, Italy and France, plus the establishment of offices in Singapore for OE Generation and entry into Poland, mean that the Octopus footprint now spans 13 countries in 4 continents.





## Key acquisitions (continued)

16

### Umeme Energía, Spain

In July 2021, Octopus Energy Group Limited acquired Umeme Energía, a green energy retailer based in Valencia. Like Octopus, Umeme built its own technology to optimise energy supply and provide better customer service. They have been committed to providing 100% renewable energy from day one of their inception in 2019, led by four experienced energy entrepreneurs. The two companies intend to combine forces on both retail and generation for the first time outside of the UK.

**"It makes me very proud that Octopus took notice of us because of our customer-centric values and our unique customer operating system. By joining Octopus, we can make the most of Spain's natural renewable resources and speed up Spain's transition to a fully green energy system."**

**Roberto Giner** CEO Octopus Energy España

### Sato Luce e Gas, Italy

In November 2021, Sato Luce e Gas became part of the Octopus Energy family. With a team that personally congratulated every individual customer on their birthday, it was immediately clear that their dedication to customer service made Sato the perfect acquisition for entry into the Italian market. Based in Ascoli Piceno (and now with offices opening in Milan), the original team of five has already doubled since the acquisition and continues to grow at pace.

**"We know for a fact that many Italians – especially the 40% of households who have never switched – are still treated as numbers by their current energy provider. Our goal is to give Italians a credible alternative, while helping people decarbonise their homes and join the renewable energy revolution."**

**Giorgio Tomassetti** CEO Octopus Energy Italy

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# 18.7m

**Total no. of households in Spain today**

42% renewable energy penetration

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# 26.2m

**Total no. of households in Italy today**

18% renewable energy penetration

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## Plüm énergie, France

As the latest and largest expansion to date, in January 2022, Octopus Energy acquired French retailer Plüm énergie. Plüm is a six-year-old EnTech startup that looks after over 100,000 energy accounts, including retail customers, larger companies, and local authorities such as Ville de Paris. Just like Octopus, Plüm is consistently one of the highest scored providers in the French energy market. An impressive tech team was also included in the acquisition.

**“Plüm énergie shares the same vision and ambition as Octopus: to lead the energy transition by rewarding demand flexibility and providing affordable green energy. By joining OE Group our project grows stronger as we join a phenomenal global team to address the greatest issues for humanity today.”**

Vincent Maillard CEO Octopus Energy France

# 30.1m

**Total no. of households in France today**

**25% renewable energy penetration**

**Customer book acquisitions in countries where we already have presence:**

## Avro, United Kingdom

- As the single largest acquisition of the Group to date, c.600k customers of the supplier Avro Energy were appointed to Octopus Energy Limited as SOLR at the end of September. This was the single largest SOLR appointment during the energy crisis of 2021.
- The Octopus team took on responsibility for the defaulted supplier, believing that the team could provide a smooth migration onto our technology platform, Kraken.
- With a close focus on supporting Avro customers through the transition, the migration of account data and customer finances was a well-ordered and highly efficient process. Teams working around the world and around the clock, from UK to New Zealand, meant that finishing the migration of all accounts was possible in less than six months.
- A total of 85,000 refunds were made to customers.
- 28 Avro staff also joined Octopus Energy by 31 January 2022.
- A YouGov survey showed that >70% of Avro customers were happy with the migration to Octopus. This survey included all of the largest customer migrations across failed suppliers in FY22.\*

## Iberdrola, Germany

- In September, the German team took on just under 10,000 retail electricity customers from Iberdrola, who had entered the B2C market just a few months before. The customers migrated smoothly and easily onto the new Kraken instance set up in Germany, thanks to excellent collaboration between the parties.

## GREENa, Japan

- This year, Tokyo Gas Octopus Energy (TGOE) made an acquisition of GREENa's energy customers via an asset sale in December. This was the first acquisition and first migration for the Octopus and Kraken Japanese teams. The 14,000 customers drastically increased our early customer base as well as expanding our coverage of Japan into five new regions, integrating ourselves with five new grid operators.

\* Total sample size of 11,013 adults (aged 18+), of which, 1,247 were former customers of the listed small energy suppliers. >70% were somewhat or very satisfied. Fieldwork undertaken between 28.01-04.02.22 and survey carried out online. Figures have been weighted and are representative of all GB adults.

# Octopus Energy Generation – investing in our future

18

Octopus Energy Group Limited  
Annual Report and Financial Statements 2022

## In July 2021, Octopus Energy Group Limited completed the acquisition of sister company, Octopus Renewables, now sitting within the Octopus Energy Generation business.

OE Generation (OE GEN) is made up of several businesses. Octopus Renewables (OR) is a fund management business with one of the largest solar investment portfolios in Europe. The asset base under management generates the equivalent consumption of just under 2 million homes, with total third-party funds under management of £5bn at the time of publication.

The last year has been focused on establishing new ways of working, especially in new markets and with new products that deliver the benefit of an integrated energy business to both our investors and to OE retail customers.

OE GEN's main goal is to disrupt the way that new renewable generation assets are rolled out in order to deliver the energy transition more quickly. The team are focusing on the broader energy transition synergistically with Octopus Energy's mission for decarbonisation and system change.

### Key highlights this year

- In 12 months, the team raised third party funds of £1.2bn – equating to c.£2bn of spending power on renewables when considered with leverage. The previous highest annual institutional capital raise to date was £350m, showing remarkable growth and market traction in FY22.
- The last year saw the acquisition of an additional 310MW by the various funds managed by Octopus Renewables, via management of 36 new assets. The team added 18 staff, including four country leads across Europe – deepening our ability to manage the investment of funds across multiple markets.

- Two new offices have been established in the US and Singapore, ready to lead new investment portfolios in both regions, as well as expansion into two new country entities via wind assets in Poland and Germany.
- The single largest fund investments this year were in Cumberhead, UK – with 50MW of wind – and two ongoing construction sites in Poland, totalling nearly 60MW. Poland also lead the charge on single largest onboarding for an individual country, with 103.8MW via three separate wind farms.
- The fund management team also announced a strategic partnership with RES. The partnership will develop and build green hydrogen plants across the UK through third party funds, with a core focus on delivering the zero carbon gas to industrial offtakers – helping to decarbonise otherwise hard-to-electrify sectors and insulate UK industry from gas price volatility. These projects are expected to unlock billions of investment into green hydrogen by 2030.
- Finally, a major fund raise from FY22 is focused on in-house development: a new business arm that will sit alongside the traditional asset management business. The c.£190m of development-specific funding is planned to be deployed in wind, solar and battery infrastructure this coming year.

**“For a faster shift to a greener, cleaner future more investment is required in renewable generation.”**

**Alex Brierley** Co-Head, Fund Management

As one of the largest investors in renewable energy across Europe, OE GEN manages more than 310 green energy projects.

## Business overview – key highlights within the Group include:

- Based on investments received in the period the Group's valuation rose to nearly £4bn (over \$5bn) after major investments in FY22: Generation Investment Management (GIM) will invest up to £311m, with £286m received in FY22 and CPPIB who have invested £106m within the year and a further £106m post year end
- OEL, the UK retail business grew to 12.4% of the UK's domestic retail market share. During this period the Group gained net 1.1 million customers\*. This growth included being appointed as SOLR for the customer portfolio of Avro. With c.600k customers, Avro was one of the largest failed suppliers in the UK last year
- Doubled the number of employees: with over 3,000 staff (at 30 April 2022) at over 10 locations across the UK and globally, OEGL continues to create jobs in the UK and around the world
- At year end, the Group had 16.1 million accounts live on our Kraken platform – representing a migration of 7.4 million accounts this year and growth of +116% versus prior year
- Largest acquisition for OEGL to date with an investment of over £50m in Octopus Renewables Limited, who manage third party funds invested in one of the largest portfolios of solar energy generation in Europe bringing together the two sides of energy retail and generation
- Octopus Renewables raised £1.2bn of third party funds (equating to c.£2bn spending power and c.3x higher than any prior year), while adding 310MW of generation assets to its current portfolio
- Incorporation of Octopus Energy Heating Limited and the acquisition of heat pump manufacturer, RED
- Retail acquisitions in Spain, Italy and France increased OEGL's international retail presence (see map on page 14)
- UK industry recognition, both within and outside the Energy sector – including:
  - Being named a Which? Recommended supplier five years running
  - Kraken Technologies winning 'Utility Week Partner of the Year' by the British Business Excellence Award for Technology Innovation
  - Voted in UK 'Best Companies to Work For': first place in Utilities and third place overall
  - Recognition for services to the Environment from the Green Energy Awards

- Best Staff Support and Wellness Initiatives in COVID Response Awards
- *Note: as other countries' retail businesses grow, we aim to replicate this level of industry recognition. For example, since year end, Octopus Energy Germany (the second largest B2C retail business in the Group today) has also won first place in the Energy Technology category of the German Sustainability Awards*

OEGL delivered on the above points while also demonstrating exceptional resilience and stability throughout the global energy crisis. This was thanks to the technological efficiencies underpinned by Kraken and the Group's prudent hedging policy, but most of all, thanks to the astounding tenacity of our teams speaking to customers every day.

## Financial overview

OEGL has continued to expand and see growth across all areas of the business, including domestic and international retail; software licensing and energy services. We have expanded into five new retail territories in Spain, Italy, France, Japan (via joint venture) and New Zealand, bringing us to a total of eight retailers and a presence in 13 countries overall (including licensing and third party generation assets). The Group now operates over 20 distinct business units, serving approximately 3.4 million domestic and business customers, and has 25 million contracted accounts onto Kraken, the Group's energy technology platform, as well as 1.2GW contracted onto KrakenFlex, its asset optimisation platform. Combined the Group has seen revenue increase by £2.2bn to £4.2bn, (110%) from FY21 to FY22.

Revenue from energy supply increased from £1.9bn to £4.0bn, with customers in the UK increasing to 3.2 million upon the successful migration of the Avro customer base via the SOLR process, the industry's largest SOLR to date. With Octopus Energy retail now present across seven international countries, overseas revenue has increased by £121m and customer numbers to c.250k, including the Group's associate with investor Tokyo Gas as a new energy retailer in Japan.

\* Based on Ofgem total number of domestic households at the point of publication.

We have seen an increase in gross profit of £111m, a 82% increase on FY21 despite the energy crisis, which began in the second half of 2021 and has been exacerbated by the invasion of Ukraine. The industry has seen unprecedented increases in wholesale prices and volatility; the scale of this crisis has impacted the whole energy sector, influencing a reduction in Group gross profit margin from 6.7% in FY21 to 5.8% FY22.

This reflects the way that the retail business has absorbed some of the cost increases facing customers by: a) holding the variable tariff below price cap despite, at times, costs that were significantly above it; and b) permitting a high proportion of customers access to the variable tariff even though growth in variable volume was exposed to higher market prices. In addition to this, Octopus Energy took on c.600k customers from the failed supplier, Avro through the SOLR process. The cashflow impacts to the business were carefully planned and managed during this process. This resulted in a claim from the industry via the SOLR levy claim of c.£681m. The levy claim submitted by the business reduced the Profit and Loss (P&L) impact of the Avro acquisition, in particular, the impact on the gross margin given the increased wholesale prices. Following the year end, this claim has been financed and the cash has been received by the business.

Octopus Energy continues to follow its prudent hedging policy to minimise the impacts of the crisis on the business and protect its ability to serve its customers.

FY22 was an exceptional year for Kraken Technologies Limited (KTL), ending with completion of E.ON/Npower migration – well ahead of plan. Accounts on the Kraken platform have continued to grow from 3.6 million in the prior year to 10.4 million (excluding wholly owned Octopus Energy Group Limited energy supply companies). Domestically, FY22 saw the successful completion of the E.ON migration and the signing of EDF UK as a further domestic Kraken client. Internationally, we initiated year two of Kraken's overseas presence supporting investor Origin as a client for its Australian retail business (with migration scheduled to complete later in 2022), as well as the Japanese associate. Kraken gross profit is £107m (96% gross margin), and earnings before interest, taxes, depreciation, and amortisation (EBITDA) of £97m.

We have seen significant growth in revenue from energy services, specifically OES installer of smart meters, EV chargers, heat pumps and other smart home devices; and installation of over 450k smart meters in UK homes in FY22 driving a 192% increase in metering revenue. OES has now trained over 400 engineers to install heat pumps

## Our KPIs

This table sets out our Key Performance Indicators (KPIs) and changes in the last twelve months.

	30 April 2022	30 April 2021	% change
<b>Accounts migrated onto Kraken platform*</b>	7,422,330	5,881,007	<b>26%</b>
<b>Total accounts live on Kraken platform**</b>	16,098,780	7,465,309	<b>116%</b>
<b>Octopus supplied customers</b>	3,416,808	2,136,819	<b>60%</b>
<b>Trustpilot score</b>	4.7	4.8	<b>(2%)</b>
<b>Revenue</b>	£4,224.6m	£2,008.8m	<b>110%</b>
<b>Gross margin</b>	5.8%	6.7%	<b>(14%)</b>
<b>Operating loss</b>	£(178.9)m	£(64.0)m	<b>179%</b>
<b>Net loss</b>	£(141.0)m	£(64.7)m	<b>118%</b>
<b>Net assets</b>	£472.7m	£203.6m	<b>132%</b>

\* Refers to meter points which have been migrated onto the platform during the year.

\*\* Accounts on the Kraken platform at year end including those supplied by Octopus Energy.

over the next decade, with further diversification into investments in proprietary heat pump technology and hydrogen service offerings.

OEV, our EV leasing business in the UK, has driven substantial growth with 30% month on month growth over the second half of FY22 on a lease revenue and car order basis, and is now on a growth trajectory to £250m annualised revenue by the end of FY23 and expects to have a fleet of over 7,500 by the next year end. 250,000 UK employees of OEV clients now have access to the UK's salary sacrifice benefit for EVs through our EV leasing offering which provides a seamless experience to lease an EV, charge it at home with an Octopus Energy tariff optimised for EV charging, and charge on the go with the Electric Juice Network. The Electric Juice Network has connected over 250k participating charge points across the UK and Europe to provide on-bill public charging, and one in three charge point owned chargers in the UK are powered by Octopus Energy Limited, our UK retailer.

The Group's operating losses increased from £64m to £178.9m, driven by the impacts of the crisis on UK retail book's gross profit margin. The crisis impacted the UK retail book primarily through customers on the SVT; as prices rose sharply over 2021, the number of customers choosing to remain on an SVT greatly increased versus under normal wholesale price market conditions; the capped tariff beginning in Oct 2021 was insufficient to cover the average hedged costs for the many more customers remaining on that variable tariff.

Additionally, the bad debt expense has increased by £76m, which is 3.2% as a percentage of life to date supply revenue, compared to 2.6% in the prior year. This is substantially driven by growth in the business and from prudence in the face of the current energy crisis although underlying collections performance and efficiency has undergone meaningful improvement during this period.

Furthermore the Group continues to put expense into both new international retail and UK energy services which are scaling up, as staff costs totalled £91m globally, an increase of 0.2% of revenue versus the prior year and thus remaining relatively flat, representing significant investment in operational capacity across our retail businesses, software development (now with over 300 developers at time of publication), and energy services field engineers and sales. Other opex costs including significant brand and marketing investments, gained efficiency with a decrease of 0.2% of revenue in those expenses year over year. Total depreciation and amortisation was in excess of £100m, driving two-thirds of operating losses and reflecting our long-term growth investments.

The capitalisation of customer acquisition costs has contributed to the increase in intangible assets from £139.3m in FY21 to £197.3m, in line with the increased number of customers from 2.1 million to 3.3 million (globally) in 2022. This increase in intangibles was driven by the Avro SOLR acquisition, for which customer open credit balances absorbed by OEL as part of its acquisition are treated as customer acquisition costs, in addition to a £65m increase in goodwill from business combinations made by the Group during the year, and by continued investment of £23.5m tech asset capex in developing Kraken for wider use in an increasing number of countries globally.

The increase in investments by the Company from £16.4m to £43.3m is due to several investments made in FY22, including retail companies in Europe to further expand the retail business and the acquisition of Octopus Renewables, which earns management fees for the Group from managing one of the largest fund portfolios of renewable energy generation in Europe, with over £4bn in assets under management. Octopus Renewables had its largest year of fundraising in its history, over tripling new fund investment and allocation to £1.2bn. It launched in four new countries and invested in four new classes of energy tech – offshore wind and floating wind, energy from waste, and pumped hydro.

OEGL received two major equity investments in the year, now valuing the Group at close to £4bn.

OEGL has pledged to invest £10m into a heat pump R&D and training facility in Slough, UK.



	FY22	FY21
<b>Scope 1</b>		
<b>Stationary combustion (heating gas)</b>		
Usage (kWh)	13,852	10,346
Emissions (tCO <sub>2</sub> e)	2.5	1.9
<b>Mobile combustion (vehicle fuel)</b>		
Petrol (litres)	14,155	-
Diesel (litres)	104,182	-
Emissions (tCO <sub>2</sub> e)	304	-
<b>Total Scope 1 emissions (tCO<sub>2</sub>e)</b>	<b>306</b>	<b>1.9</b>
Intensity (tCO <sub>2</sub> e/£m revenue)	<b>0.10</b>	<b>0.00</b>
<b>Scope 2</b>		
<b>Electricity use</b>		
Usage (kWh)	481,300	665,101
<b>Total Scope 2 emissions (tCO<sub>2</sub>e)</b>	<b>102</b>	<b>155.1</b>
Intensity (tCO <sub>2</sub> e/£m revenue)	<b>0.02</b>	<b>0.08</b>
<b>Total</b>		
<b>Total emissions (tCO<sub>2</sub>e)</b>	<b>409</b>	<b>157</b>
Intensity (tCO <sub>2</sub> e/£m revenue)	<b>0.10</b>	<b>0.08</b>

In 2021, the Group welcomed two new investors: Generation Investment Management, chaired by climate champion Al Gore, who invested £286m to acquire a 9% minority stake in Group, with a further £25m committed in FY23, to unlock licensing, strategic and financing partnerships. Further, CPPIB, one of the largest global pension funds, provided equity investment of £106m in the year for a 3% minority stake, with £106m committed in FY23, as well as an initial £204m into a new renewable asset management fund 'Octopus Energy Development Partnership I', with the mandate to further invest in renewable assets. CPPIB holds significant capital with a long-term investment horizon, bringing access to capital for strategic expansion across OE, Kraken and Kraken Flex and helping us drive transformation along the entire energy value chain.

In the short term the tripling of gas prices has led to a proportionate increase in retail working capital requirements, for which EPG provides initial offsetting assistance, committed until April 2023. This has manifested in both a larger than normal seasonal 'swing' due to the fixed direct debit payment standard in the UK, as more energy (predominantly) gas is used over winter, and in a larger requirement for additional liquidity to guard against winter weather risks. OEGL has received significant equity injections as well as access to financing through committed loans from banks and

cash generated by other Group businesses. The bank loans are backed by investor guarantees. This funding provides the Group with sufficient liquidity to continue its ambitious growth plan, both in the UK and overseas, over the medium term, even in the event of a capital-consuming cold winter.

#### Environmental reporting

The Group complies with all mandatory energy and carbon reporting regulations for the year 1 May 2021 to 30 April 2022 in accordance with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 ('the 2013 Regulations') and the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ('the 2018 Regulations') and the reporting requirements of the Streamlined Energy and Carbon Reporting (SECR) Framework Regulations. This has been based solely on internal data without external verification.

For this report, we are disclosing Scope 1 and Scope 2 Greenhouse Gas (GHG) emissions in absolute tonnes of CO<sub>2</sub>e and in line with the GHG protocol methodology. For FY21 the financial control approach was adopted, however to more accurately reflect our environmental effects for FY22, we have employed the operational control approach to determine the boundaries of our impact. Therefore, in our Scope 1 and Scope 2

calculations; we have included the energy consumption for our offices, as well as the fuel use of vehicles under Octopus's operational control for logistics purposes.

Under the SECR guidance we have only reported carbon information relating to the subsidiaries who would be obliged to include such information in their own accounts.

The Group's carbon emissions intensity has remained relatively consistent from 2021 to 2022, moving by 0.02 tCO<sub>2</sub>e. This is predominantly driven by the inclusion of mobile combustion emissions in 2022 which were not reported on in 2021, thus increasing total Scope 1 emissions by 304 tCO<sub>2</sub>e.

Although our office spaces have expanded in line with the Group's continued growth across the UK, and with the return of our staff to offices across the country with the termination of Covid-19 restrictions, there has been a decrease in Scope 2 emissions by 34%. This is due to the application of a lower CO<sub>2</sub> emissions factor for our properties that receive renewable energy which was not used in 2021, therefore lowering our CO<sub>2</sub> output in spite of our growth this past year. We are our own energy supplier where possible, supplying our offices with renewable energy, meaning the aggregate emissions factor applied to the kWh of energy consumed is much lower than that it would be for non-renewable energy. In addition to this a number of the offices are strategically positioned in the city centre for staff to commute by walking or using public transport.

### Energy efficiency action

The current energy crisis the UK faces has proven our energy system can no longer afford to rely on imported fossil fuels. Creating a clean, reliable and affordable energy future for our planet is a priority for Octopus and is reflected in the many projects and activities we have undertaken to achieve our goals of building a net-zero future.

Not only do we provide 100% renewable energy to our customers, through our fund management business and the portfolio it manages, but we are also one of Europe's largest investors in renewables: operating £4bn worth of funds invested in green energy assets across seven countries and managing one in ten solar farms across the UK.

As a certified B corporation we are constantly making an effort to improve our contribution towards a better, greener world for everyone. Where possible, Octopus chooses to be paperless and we promote a greener lifestyle to our staff through incentives such as salary sacrifice on bicycles or EVs. At the time of writing this report,

131 orders for EVs have been placed with 77 delivered to our own staff members within Octopus Energy and Octopus Energy Services.

### Noteworthy initiatives

#### Wind farm deals

Octopus Energy Generation's fund management team (also known as Octopus Renewables) signed four deals this year which will increase the business wind generation portfolio by up to 90%, adding up to 690MW of capacity over the next 10 years over and above the 745MW of wind assets already managed by Octopus Renewables. One example, Octopus Energy Generation, recently acquired a 7.75% stake via the OR fund management business in the 270MW Lincs offshore wind farm off the east coast of England, on behalf of Octopus Renewables Infrastructure Trust (ORIT).

#### Heat pumps

One of the most significant achievements in the last 12 months has been the establishment of our R&D centre, with two fully functioning houses built to UK building regulation standards which is currently training an increasing number of heat pump experts (up to 1,000 per year) who will install thousands of heat pumps across the UK. A portion of the investment received within the year is being used towards our heat pump activities which has helped us on our continued mission to spread the load demand on the grid and help renewable energy become more widespread and reliable.

Thanks to our recent acquisition of RED, a leading heat pump producer, we will be able to scale up production to meet demand while lowering unit prices, so that heat pumps are available and affordable for the mass market.

#### Green hydrogen

In October 2021 ORL and RES, the world's largest independent renewable energy company, announced a new partnership, turbocharging the UK's hydrogen economy with plans to invest £3bn of third party funds, to develop a distributed network of hydrogen generation facilities in the UK. The aim of the partnership is to make the most of green electrons when they are generated in abundance on sunny and windy days by storing them as green hydrogen, helping the UK become more energy independent.

Our subsidiary, Octopus Energy Hydrogen Limited, is currently working to offer green hydrogen as a service for heavy goods transportation, energy storage, aviation and industrial applications in the UK which we anticipate will be delivered in 2023.

In February 2022 Octopus Hydrogen and BayWa r.e. announced a partnership to initially produce up to 6,500kg a day of green hydrogen through the installation of electrolyzers, compression and mobile hydrogen storage, contributing to the UK Government's goal of 5GW of low carbon hydrogen production capacity by 2030.

#### **Fan club**

Since early 2021, Octopus customers in Market Weighton, Yorkshire, and Caerphilly, Wales, can enjoy cheaper 100% renewable electricity whenever their local wind turbines, named #1 Fan and #2 Fan, are spinning. Customers are placed on a standard tariff and when the turbines spin, they receive 20% off their energy prices. When winds are high, customers get 50% off every unit used.

We currently operate two fans and are in the market to expand across the UK, incentivising the use of local renewable energy consumption.

#### **Tree planting**

This year, in order to account for emissions from our engineers' non-electric vans, we planted 20,000 native trees in Wales together with the Green Task Force – an organisation dedicated to supporting veterans by providing mental health support and employment through nature-based projects.

#### **Involving our customers**

##### **Big dirty turndown**

In February 2022, we partnered with National Grid ESO to trial a customer-wide national 'turndown', where households consciously use less energy at certain times – and get rewarded with free power for their efforts. Where customers were able to cut down their usage by a pre-set amount, they received all energy used in that 2-hour period for free. 105,320 customers signed up, achieving a total turn down of 197MWh across the trial.

#### **Winter workout**

Over winter, we ran a competition to help customers cut their gas bills and carbon emissions, with the chance to win a prize.

Everyone who signed up received a personalised gas target for 12 weeks over winter, plus simple tips on how to use less gas. 250,000 customers signed up for the challenge which saw around 150,000 reduce their gas use by 12% on average, resulting in a 22,598,008kg reduction in CO<sub>2</sub> emissions.



**S Jackson**  
Director

7 December 2022

Registered office:

UK House, 5th Floor, 164-182 Oxford Street  
London, United Kingdom, W1D 1NN

# Principal risks and uncertainties

26

The Board identifies, assesses, and manages risks associated with the Group's business objectives and strategy in the following categories:

## Wholesale market risk

The Group faces wholesale market risks through its retail businesses, and in particular through Octopus Energy Limited. Octopus Energy follows a strict and sophisticated hedging policy, and does not speculate on market movements, nor assumes or relies on market movement in either direction.

Octopus Energy makes forward commitments for power and gas delivery for each customer that is acquired or renewed onto a fixed price contract, for the duration of the term offered to the customer and allows for some expected attrition (Octopus Energy does not generally 'lock in' customers with exit fees, and instead models attrition and allows for this). Daily adjustments are made to correct the wholesale position for variances in demand and renewable generation versus forecast. This largely locks in margin for customers across the life of their contracts and provides a basis for financial planning. Variances to expected margin for fixed products come about as a result of 'shaping loss' (tailoring a hedge constructed from freely available market products to the specific consumption shape of the Company's portfolio) and 'imbalance costs' (consumption turns out differently from hedged-for expectations). These risks are monitored closely and on both the Company performs within expectation.

For customers on variable price contracts, Octopus Energy executes a rolling hedge that follows the price-cap methodology. The methodology has operated on a six-month cycle but that has subsequently moved to a three-month cycle. Due to the price cap calculation, Octopus is able to amend the pricing of this product to reflect the hedge cost and therefore benefits from relatively stable margins in the variable book to the extent that customer refixing behaviour is stable.

This has not been the case through the period due to rapidly escalating prices above price cap and a significantly higher proportion of customers ending fixed contracts and remaining on the SVT.

This has resulted in additional cost, which is reflected in our lower gross margin percentage performance. The subsequent implementation of an industry-wide Market Stabilisation Charge reduces volume risk in the event of a falling market and enables the Group to hedge for a larger standard variable customer base with more confidence.

## Cashflow and liquidity risk

The Group manages cash responsibly and has clear sight to expected cash requirements. The Group monitors financial risks at a business unit level and on a consolidated basis. It undertakes stress and sensitivity testing on forecast performance to ensure that sufficient capital is maintained. The stress testing combines the impact of cold weather and correlated, material increases in wholesale price for this additional consumption volume.

The Group maintains a mixture of funding and secured credit to ensure there is sufficient capital for current and future operations, including under stress scenarios. In the financial year, the Group received investment from both Generation Investment Management and CPPIB, who will invest up to £522m.

Finally, in September 2021, Octopus Energy acquired c.600k customers from Avro through the SOLR process. The cashflow impacts to the business were carefully planned and managed during this process. The industry SOLR mechanisms resulted in an SOLR levy claim of c.£681m. The levy claim submitted by the business reduced the P&L impact of the Avro acquisition, in particular the impact on gross margin given the increased wholesale prices. Following the year end, this claim has been financed and the cash has been received by the business.

## Commercial risk

The Group faces the following types of commercial risk:

1. generated by the competitive environment, against which the Group is well placed thanks to competitive advantage from its proprietary software platform and associated, highly efficient operating model in retail supply
2. credit risk, which the Group manages through:
  - a) very high penetration of direct debit collections in consumer businesses
  - b) the application of credit risk data
  - c) close monitoring of customer account performance and strict processes for non payment
  - d) strict criteria for accepting business to business sales
3. there is a customer concentration risk as the majority of the Group's licensing revenue for the year comes from two external clients. This is expected to change in the near-term future, thanks to a pipeline of new business opportunities.

There were no other key changes to this risk during the financial year.

### **Operational risk**

Operational risk arises from a weakness or failure in a business's systems and controls. The Group continues to enhance its controls and processes, particularly with respect to its IT system and security. The potential impact and likelihood of processes failing is assessed on a regular basis and aspects have been subject to external assessment.

Where these likelihoods are felt to be outside of the Directors' appetite for risk, management actions and/or control improvements are identified to bring each potential risk back to within acceptable levels. Octopus also has a disaster recovery plan in place covering current business requirements.

OEGL is built to minimise significant risks. Kraken enables the Company to maintain a highly granular, continuously updated view of key metrics in energy. By automating processes which elsewhere are delivered by humans and spreadsheets, Octopus is able to deliver additional control and reliability through automated software testing and defined coding standards – as well as reducing manual error. Kraken's continuous release, continuous deployment system means that Kraken is typically updated through c.100 small changes per day – with full rollback – as opposed to a more traditional release cycle. And Kraken's ability to manage data from across the business and across functions reduces risk of error in translation, extraction and manipulation.

### **Regulatory risk**

The regulatory environment within which the Group operates is evolving. The introduction of the Energy Bills Support Scheme and the Energy Price Guarantee have been positive in supporting consumers to pay their energy bills over this winter as prices are at unprecedented highs. The introduction of the Energy Prices Bill allows Government to make changes to the Energy Price Guarantee and associated arrangements and they have stated they will review the scheme with the intention of creating a more targeted version from April 2023.

Depending on the extent of revision to the scheme, there is a potential for higher levels of bad debt that will come from exposing more customers to higher prices. However, this will occur during the cash-accretive part of the annual cycle and therefore is unlikely to present liquidity issues through the Going Concern period.

With other retailers, we will engage with Government and Ofgem to ensure the implications on retailer finances are understood and considered in policy changes.

**“Fairness and customer trust are both essential if we want to turbo-charge the renewable energy transition.”**

**Stuart Jackson** Chief Financial Officer

# Corporate governance - Wates Principles

30

For the year ended 30 April 2022 under the Companies (Miscellaneous Reporting) Regulations 2018, the Group has applied the Wates Corporate Governance Principles for Large Private Companies, published by the Financial Reporting Council (FRC) in December 2018.

## Principle One:

### Purpose and Leadership

Our vision is to drive the renewable energy transition cheaper and faster through technology – for customers and the planet. The Group is deeply committed to enabling decarbonisation of our energy system, and all its products and services are positioned to do this as quickly as possible.

OEGL's Board comprises investor representatives and founding executives, plus one independent non-executive director chosen for expertise in energy, especially the key areas of market and trading risk.

Made up of mainly founders and investors, the Board believes that the OEGL mission is one of utmost importance. The members of the Board support OEGL's vision and bring different expertise and perspectives.

Customer centricity is at the heart of the Group's ethos and this is a key focus of all Board members. Practically, this means holding ourselves to a higher standard than just 'treating customers fairly' and instead challenging ourselves on how we can create and deliver ever better service, product and value for retail customers, as well as a relentless focus on identifying how we can deliver more value for our technology licence customers and investors in Generation.

The Group's culture was originally and decisively set by the founders plus those early joiners to management – all of whom are still in our C-suite today; as well as our initial investor, Octopus Group. Octopus Group is also a certified B.Corp and equally demands that the same values of fairness for employees and 'purpose over profit' are upheld.

Strategy of the Company follows a set of guiding principles. These principles are based around OEGL's view of the future renewables-led energy system, of value flowing to an empowered consumer, and the role of technology to drive efficiency and lower costs. These principles are referred to as a frame of reference for various decisions across all levels of the business. To give two different examples:

- the Group uses Slack in order to communicate across all levels and teams. Operations teams are encouraged to post requests directly to the Tech team via Slack in order to support customer service and transparency. These are then picked up immediately (rather than joining a gating process) and, where appropriate, enacted directly into the CRM platform

- acquisitions of companies such as Smart Pear, while relatively small have been highly impactful in their ability to add to our client offer and drive down operating costs in our own UK retail business

For extra information on our vision and purpose, please refer to pages 8 to 11.

## Principle Two:

### Board Composition

The Board comprises eight members. The current chairman is Simon Rogerson, CEO of the largest shareholder, Octopus Group.

There are two members from OEGL's initial investor, Octopus Group, as well as three founders (our CEO, CTO and CFO), three members from subsequent separate investors in OEGL, and one independent. The Chair will proactively request input from each of the Board members to facilitate constructive debate on all topics.

Also in attendance of all Board meetings is a roster of external observers. These include further personnel from OEGL investors as well as our Director of Strategy and Head of Strategic Finance. Between these Board members and observers, there is a wide range of experience across both the energy industry as well as other expertise. Other executives join Board meetings from time to time, not only to contribute their expertise, but also to develop Board experience and create a path to Board membership from a wider pool of people.

An independent non-executive director brings an important non-partisan perspective. This person helps to shape key elements of the Group's hedging policy today and also brings deep experience to our discussions on finance, customer, regulatory and strategic topics.

The size of the Board has been carefully considered to ensure the propensity for a broad debate as well as efficient decision making. Board members have deep and current business experience in energy and other sectors.

In terms of communications, channels are open not only to top level management and executive directors, but also deliberately further down into the business. A matrix of formal and informal communication channels has been established across stakeholders and open access to the Board, non-executive director and observers mean that employees are also 'part of the discussion' for key decisions such as large acquisitions or strategic resolutions.

While OEGL currently has a negative gender pay gap (that is, women are on average paid more than men), and more than half of the most senior roles in the Group are held by women, the eight Board members today are male, with a major constraint being the fact that the Group founders and founding investors are male.

Gender diversity is a topic that is important to OEGL and is under active discussion today.

Boards of companies within the Group are increasingly more diverse as are executive teams, which is reflected in the negative gender pay gap.

**Principle Three:  
Director Responsibilities**

OEGL's Board has a clear understanding of its accountability and responsibilities.

The Board receives regular updates on both financial and non-financial performance. This in turn is provided to the Senior Management team by the Strategic Finance team. The Board and observers receive monthly packs on financials, which are comprehensive and contain information about each business unit. On top of this, ad hoc Board Strategy meetings are held (typically semi-annually) to discuss strategy.

Due to the fast-paced growth of OEGL and relatively few years since founding, the Company is now in the process of founding both Audit and Remuneration Committees. Internal working groups are also established flexibly as needed for Operations and Tech requirements (for example, Debt and Payments working group) or the Recruitment and Opportunities working group self-established by employees to promote ethnic diversity within the business. This self-determining feature is highly celebrated by the management team and will continue to be encouraged going forward.

For further information on how Directors fulfil their roles and discharge their responsibilities, please refer to page 32.

**Principle Four:  
Opportunity and Risk**

The Board is regularly engaged in identifying opportunities to create and preserve value for OEGL, as well as being aware of and monitoring major risks to the Group's future. Board approval is required for material investments and other major strategic decisions. Management typically embrace opportunities to move fast in low risk ways, then learn and scale. Time is spent on larger risks (particularly financial) at Board level.

The Board has often provided guidance on the prioritisation of opportunities for the Group, especially at times where there are multiple attractive routes for potential capital investment.

The current volatility of the energy market has meant particularly active discussion this year between Senior Management and the Board. The team will use scenario planning across a number of dimensions to inform their decisions. Together with members of the Board, the Senior Management team and Company analysts will regularly evaluate and re-evaluate opportunities

and any material risks that arise. This heightened level of engagement will likely continue to ensure the safe passage of both the company and OEGL's retail business during this more variable time.

**Principle Five:  
Remuneration**

Remuneration has been delegated to executives, with the view that the Company's salary cap has been an effective means of managing senior compensation and that the allocation of equity to employees has been managed through Board-approved policies. As the Company's operations expand, so does the need for more sophisticated remuneration and oversight thereof. The Company therefore plans to introduce a Remuneration Committee in FY23.

**Principle Six:  
Stakeholder Relationships and Engagement**

The Board is aware of the influence it has on the stakeholders of OEGL and is committed to promoting the values of fairness and transparency within the relationships with said stakeholders. With some stakeholders, such as potential investors or suppliers, the Board acts as an enabling channel.

The Board has open access to communication with the workforce. This is put into practice informally via direct discussions with employees beyond the Senior Management team.

On occasion, members of the Board may also join the weekly Family Dinner - whereby all employees are invited onto the same video conference and topics (both positive and negative) are discussed in a truly open forum. Family Dinner is a key channel for informing employees of latest Group strategy. The Board is therefore welcome to join parts of OEGL workforce discussions on an informal basis. On occasion, the Senior Management team may also request more senior employees to email or call members of the Board directly - either to provide an update on certain projects or to receive advice.

Finally, the wellbeing of the operations workforce (more than 1,500 employees globally) is monitored more formally through the use of Officevibe - a platform that allows employees to indicate their level of happiness in the office on a daily basis, or as often as they wish. In the case that ratings are dipping, Team Leaders will follow up with the team to understand any challenges or issues. In this way, problems are often resolved quickly in an environment conducive to honest feedback.

For further information on stakeholder engagement and Section 172 please refer to page 8.



# Directors' responsibilities statement

For the year ended 30 April 2022

The Directors are responsible for preparing the Annual Report and the consolidated and Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare consolidated and Company financial statements for each financial year. Under that law the Directors have elected to prepare the consolidated and Company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that year.

In preparing these consolidated and Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable IFRS Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group and Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# Independent auditor's report

To the members of Octopus Energy Group Limited

33

## Report on the audit of the financial statements

### Opinion

In our opinion:

- the financial statements of Octopus Energy Group Limited (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 30 April 2022 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the consolidated and parent company statement of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement;
- the statement of accounting policies; and
- the related notes 1 to 24.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the Directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included our assessment of the entity's:

- financing and hedging facilities
- business model, government energy support mechanisms, and medium-term risks
- assumptions used in the forecasts
- amount of headroom in the forecasts (cash and covenants)
- sensitivity analysis including cold winter scenarios; and
- model used to prepare the forecasts, testing of clerical accuracy of those forecasts and our assessment of the historical accuracy of forecasts prepared by management.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

## Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

# Independent auditor's report (continued)

## To the members of Octopus Energy Group Limited

34

### Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the group's and the parent company's ability to continue as a going concern; disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included the group's operating licence and UK electricity and gas legislation.

We discussed among the audit engagement team including relevant internal specialists such as IT and Analytics regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

- Revenue recognition - licencing performance fees: We obtained supporting evidence for milestones recognised and considered compliance with the relevant accounting standard requirements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

### **Report on other legal and regulatory requirements**

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the Directors' report.

#### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



#### **Anthony Matthews FCA (Senior statutory auditor)**

For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom

7 December 2022

# Consolidated statement of comprehensive income

For the year ended 30 April 2022

36

	Notes	Year ended 30 April 2022 £m	Restated Year ended 30 April 2021 £m
Revenue	4	4,224.6	2,008.8
Cost of sales		(3,978.6)	(1,873.5)*
<b>Gross profit</b>		<b>246.0</b>	<b>135.3</b>
Administrative expenses	5	(424.9)	(199.3)
<b>Operating loss</b>	6	<b>(178.9)</b>	<b>(64.0)</b>
Share of net loss of associate	14	(1.2)	(0.1)
Finance income	8	27.7	-
Finance expense	8	(13.3)	(10.9)
<b>Loss before income tax</b>		<b>(165.7)</b>	<b>(75.0)</b>
Income tax credit	9	24.7	10.3*
<b>Loss for the financial year</b>		<b>(141.0)</b>	<b>(64.7)</b>
<b>Loss attributable to:</b>			
Owners of the parent		(140.9)	(64.6)
Non-controlling interests		(0.1)	(0.1)
<b>Loss for the financial year</b>		<b>(141.0)</b>	<b>(64.7)</b>

\* FY 2021 comparatives have been restated as disclosed further in Note 17.

There were no recognised gains and losses during the years ended 30 April 2022 or 30 April 2021 other than those included in the Consolidated statement of comprehensive income.

The notes on pages 42 to 73 form part of these financial statements.

# Consolidated statement of financial position

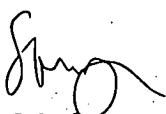
At 30 April 2022

37

	Notes	30 April 2022 £m	Restated 30 April 2021 £m
<b>Non-current assets</b>			
Property, plant and equipment	10	48.4	13.1
Goodwill	11	87.2	22.2
Intangible assets	11	197.3	139.3
Investments in associates	14	2.2	2.8
Trade and other receivables	15	24.4	124.7
Deferred tax asset	16	30.1	7.4*
<b>Total non-current assets</b>		<b>389.6</b>	309.5
<b>Current assets</b>			
Trade and other receivables	15	1,568.1	367.8
Cash and cash equivalents		235.7	91.9
Inventory		1.3	1.0
<b>Total current assets</b>		<b>1,805.1</b>	460.7
<b>Current liabilities</b>			
Trade and other payables	17	(1,601.1)	(557.8)*
Borrowings	18	(40.0)	-
Lease liabilities	22	(4.6)	(2.7)
<b>Total current liabilities</b>		<b>(1,645.7)</b>	(560.5)
<b>Non-current liabilities</b>			
Trade and other payables	17	(45.1)	-
Lease liabilities	22	(31.2)	(6.1)
<b>Total non-current liabilities</b>		<b>(76.3)</b>	(6.1)
<b>Net assets</b>		<b>472.7</b>	203.6
<b>Capital and reserves</b>			
Called up share capital	19	-	-
Share premium account	20	775.0	381.8
Non-controlling interests	20	11.8	(0.1)
Other reserves	20	6.4	1.5
Accumulated losses		(320.5)	(179.6)*
<b>Total equity</b>		<b>472.7</b>	203.6

\* FY 2021 comparatives have been restated as disclosed further in Note 17.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards. The notes on pages 42 to 73 form part of these financial statements. The consolidated financial statements were approved and authorised for issue by the board and were signed on its behalf by:



**S Jackson**

Director

7 December 2022

Registered office: UK House, 5th Floor, 164-182 Oxford Street, London, United Kingdom, W1D 1NN

Registered number: 09718624

# Company statement of financial position

At 30 April 2022

	Notes	30 April 2022 £m	30 April 2021 £m
<b>Non-current assets</b>			
Property, plant and equipment		0.2	-
Investments	12	43.3	16.4
Trade and other receivables	15	24.4	124.3
<b>Total non-current assets</b>		<b>67.9</b>	<b>140.7</b>
<b>Current assets</b>			
Trade and other receivables	15	728.8	195.2
Cash and cash equivalents		34.9	40.1
<b>Total current assets</b>		<b>763.7</b>	<b>235.3</b>
<b>Current liabilities</b>			
Trade and other payables	17	(1.8)	(0.6)
Borrowings		(40.0)	-
<b>Total current liabilities</b>		<b>(41.8)</b>	<b>(0.6)</b>
<b>Non-current liabilities</b>			
Trade and other payables	17	(9.4)	-
<b>Net assets</b>		<b>780.4</b>	<b>375.4</b>
<b>Capital and reserves</b>			
Called up share capital	19	-	-
Share premium account	20	775.0	381.8
Other reserves	20	6.4	1.5
Accumulated losses	20	(1.0)	(7.9)
<b>Total equity</b>		<b>780.4</b>	<b>375.4</b>

These Company financial statements have been prepared in accordance with International Financial Reporting Standards. The notes on pages 42 to 73 form part of these financial statements. The Company financial statements were approved and authorised for issue by the board and were signed on its behalf by:



**S Jackson**

Director

7 December 2022

Registered office: UK House, 5th Floor, 164-182 Oxford Street, London, United Kingdom, W1D 1NN  
Registered number: 09718624

# Consolidated statement of changes in equity

For the year ended 30 April 2022

39

	Notes	Called-up share capital £m	Share premium account £m	Share based payment reserves £m	Accum- ulated losses £m	Equity attributable to owners of the Company £m	Non- controlling interests £m	Total equity £m
<b>At 1 May 2020</b>		-	198.6	0.4	(115.0)	84.0	-	84.0
Comprehensive loss for the year		-	-	-	(36.9)	(36.9)	(0.1)	(37.0)
<b>Total comprehensive loss for the year</b>		-	-	-	(36.9)	(36.9)	(0.1)	(37.0)
Shares issued during the year		-	182.0	-	-	182.0	-	182.0
Shares issued for business acquisitions		-	0.8	-	-	0.8	-	0.8
Share based payments		-	0.4	-	-	0.4	-	0.4
Employee share scheme options		-	-	1.1	-	1.1	-	1.1
<b>At 30 April 2021</b>		-	381.8	1.5	(151.9)	231.4	(0.1)	231.3
Prior year adjustment*		-	-	-	(27.7)	(27.7)	-	(27.7)
Adjusted at 1 May 2021		-	381.8	1.5	(179.6)	203.7	(0.1)	203.6
Comprehensive loss for the year		-	-	-	(140.9)	(140.9)	(0.1)	(141.0)
<b>Total comprehensive loss for the year</b>		-	-	-	(140.9)	(140.9)	(0.1)	(141.0)
Shares issued during the year	19	-	393.2	-	-	393.2	-	393.2
Business combination	13	-	-	-	-	-	11.9	11.9
Employee share scheme options	20	-	-	4.9	-	4.9	-	4.9
<b>At 30 April 2022</b>		-	775.0	6.4	(320.5)	460.9	11.8	472.7

\* FY 2021 comparatives have been restated as disclosed further in Note 17.

The notes on pages 42 to 73 form part of these financial statements.



# Company statement of changes in equity

For the year ended 30 April 2022

40

	Notes	Called-up share capital £m	Share premium account £m	Share based payment reserves £m	Accum- ulated losses £m	Total equity £m
<b>At 1 May 2020</b>		-	198.6	0.4	(6.5)	192.5
Comprehensive loss for the year		-	-	-	(1.4)	(1.4)
<b>Total comprehensive loss for the year</b>		-	-	-	(1.4)	(1.4)
Shares issued during the year		-	182.0	-	-	182.0
Shares issued for business acquisitions		-	0.8	-	-	0.8
Share based payments		-	0.4	-	-	0.4
Employee share scheme options		-	-	1.1	-	1.1
<b>At 30 April 2021</b>		-	381.8	1.5	(7.9)	375.4
Comprehensive profit for the year		-	-	-	6.9	6.9
<b>Total comprehensive profit for the year</b>		-	-	-	6.9	6.9
Shares issued during the year	19	-	393.2	-	-	393.2
Employee share scheme options	20	-	-	4.9	-	4.9
<b>At 30 April 2022</b>		-	775.0	6.4	(1.0)	(780.4)

The notes on pages 42 to 73 form part of these financial statements.

# Consolidated statement of cash flows

For the year ended 30 April 2022

41

	Notes	Year ended 30 April 2022 £m	Restated Year ended 30 April 2021 £m
<b>Cash flows from operating activities</b>			
Loss after tax		(141.0)	(64.7)*
<b>Adjustments for:</b>			
Depreciation of property, plant and equipment	10	7.9	3.0
Amortisation of intangible assets	11	100.0	57.1
Finance costs	8	9.6	9.8
Share of loss on joint venture/associate	14	1.2	0.1
Share based options	21	4.9	1.4
Taxation credit	9	(24.7)	(10.3)*
Increase in trade and other receivables		(557.6)	(63.1)
Increase in trade and other payables		530.3	36.1*
Increase in provisions and accruals		453.0	140.5
Increase in inventory		(0.2)	(0.9)
Industry levy receivable		(624.6)	-
Corporation tax received		11.0	0.2
<b>Net cash generated from operating activities</b>		<b>(257.1)</b>	<b>109.2</b>
<b>Cash from investing activities</b>			
Purchase of property, plant and equipment	10	(18.1)	(7.0)
Purchase of right of use asset	11	(5.8)	(2.7)
Purchase of intangible fixed assets	11	(131.2)	(105.2)
Increase in lease liability	22	26.9	2.7
Purchase of associate (net of cash acquired)	14	(0.3)	(2.9)
Purchase of subsidiaries (net of cash acquired)	13	(10.6)	(18.1)
Deferred consideration paid for subsidiaries		(0.7)	-
<b>Net cash used in investing activities</b>		<b>(139.8)</b>	<b>(133.2)</b>
<b>Cash flows from financing activities</b>			
Loans received		40.2	126.9
Loans repaid		(8.6)	(250.2)
Interest paid		(8.3)	(13.5)
Issue of ordinary shares	19	517.4	229.4
<b>Net cash used in financing activities</b>		<b>540.7</b>	<b>92.6</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>143.8</b>	<b>68.6</b>
Cash and cash equivalents at beginning of year		91.9	23.3
<b>Cash and cash equivalents at the end of year</b>		<b>235.7</b>	<b>91.9</b>
<b>Cash and cash equivalents at the end of year comprise:</b>			
Cash at bank and in hand		235.7	91.9

\* FY 2021 comparatives have been restated as disclosed further in Note 17.

The notes on pages 42 to 73 form part of these financial statements.

# Notes to the financial statements

For the year ended 30 April 2022

42

## 1. Company information

Octopus Energy Group Limited and its subsidiaries (together referred to as the 'Group') are primarily engaged in the provision of energy. The Group's principal activity is as an energy technology pioneer, driving the green energy revolution through technology. The Group encompasses businesses that engage in energy supply, both as a retailer and software platform provider, vehicle leasing, installation of smart meters, and other energy related assets.

Octopus Energy Group Limited is a private company limited by shares and registered in England and Wales, registered number 09718624. Its registered office is located at UK House, 5th Floor, 164-182 Oxford Street, London, United Kingdom, W1D 1NN.

## 2. Significant accounting policies

### 2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted by the European Union.

The consolidated financial statements have been prepared on a historical cost basis.

The consolidated financial statements are prepared in Sterling (£), which is the functional and presentational currency of the Company. Rounding is taken to the nearest million.

### 2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its subsidiaries as if they form a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

In accordance with the exemption available under section 408 of the Companies Act 2006, no separate statement of comprehensive income is presented in respect of the Company.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the Consolidated Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

### 2.3 Going concern

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have assessed the liquidity of the business through a detailed going concern forecast and considered the associated hedge position required, which is procured through a third party without collateral requirements. There are significant peaks and troughs through the year with April generally the low point of the cashflow cycle. On the basis of funding received from shareholders, along with available facilities and trading lines, the forecast cash flows show significant headroom through the going concern period even under stressed conditions reflecting reasonable sensitivities identified. The general approach to hedging expected supply requirements is set out on pages 26 and 27 along with consideration of the Group's principal risks and uncertainties. The UK Government's Energy Bill Support Scheme and the Government's Energy Price Guarantee provide significant support to households over the period to at least April 2023 in the face of unprecedented energy costs rises which would otherwise have been passed on to households through the price cap mechanism. These interventions reduce otherwise anticipated bad debt and the working capital required to extend credit through winter to customers who pay by fixed direct debit. As noted on page 27 these regulatory changes are subject to review and expected to cease in their current form from April 2023 although the extent of the change is not yet known at the time of issuing the financial statements. Depending on the extent of the revisions there is a potential for higher levels of bad debt as customers are exposed to significantly higher prices. However this will occur during the cash accretive part of the going concern period and therefore unlikely to present liquidity issues during this period.

The Group assembles a set of sophisticated financial forecasting models from all divisions which it tracks and calibrates carefully based on actual performance. The largest cashflow movements are driven by the energy supply business and this forecasting includes changes in both the hedge book and forward wholesale market prices. The Directors have actively considered downside sensitivities of cashflows from operations including that which would arise from a cold winter in the context of the energy crisis. The Directors have evaluated risks based on historic weather data, which is used to model a range of increased consumption that could arise from an unusual, sustained cold winter weather event. This is considered together with significant but correlated wholesale price increases combined with high wholesale prices and set off against the higher proportion of cash collection that tracks consumption volume as a result of the Energy Price Guarantee scheme.

The going concern analysis assumes that a majority of customers are retained on the standard variable tariff reflecting the protections provided under the current price cap mechanism and the stability afforded by the Market Stabilisation Charge mechanism. Higher potential customer bad-debt could arise as a result of current macroeconomic trends. The Directors accordingly continue to monitor performance and sensitivity analyses closely and note that the Group is sufficiently well funded and capitalised to withstand a range of compounded scenarios over the 12 month period following the date of signing of the financial statements.

Octopus Energy Group Limited has received equity injections as well as access to financing through committed loans from banks, trading counterparties and cash generated by other Group businesses. The bank loans are backed by investor guarantees. The business also continues to actively consider further investments and additional working capital facilities although the Going Concern position does not assume these facilities are secured. Corporate investment across the Group and acquisition activity is also being tailored to reflect the current economic and regulatory environment.

Following the process above the Directors have a reasonable expectation that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and consequently have prepared the financial statements on a going concern basis.

## 2.4 Revenue

The Group's revenue is mainly derived from energy supply. The Group also derives income from licensing, leasing of electric vehicles, energy smart meter installation and energy generation. Revenue from contracts with customers is recognised when its performance obligations are satisfied, i.e., when control of an asset (i.e. the goods or services) is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. An asset is transferred when (or as) the customer obtains control of that asset. Depending on the nature of the performance obligations, revenue is recognised either over time or at a point in time.

Revenue is measured as the amount of the transaction price that is allocated to that performance obligation. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to a customer, excluding amounts collected on behalf of third parties (for example, Value Added Tax).

The majority of revenue arose within the United Kingdom; however revenue is also generated in Australia, Germany, Spain, France, Italy, New Zealand and the United States.

The Group applies the five-step process set out in IFRS 15, Revenue from contracts with customers, to ensure an appropriate revenue recognition policy is in place, i.e.:

1. Identify the contract with a customer.
2. Identify the separate performance obligations in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to the separate performance obligations.
5. Recognise revenue when/as each performance obligation is satisfied.

The nature of the services the Group provides, and of the amounts which the customer is charged, is such that the result of this process is generally clear, since the services provided are separately identifiable and priced, and the customer is generally invoiced either upfront or on completion of the service. The invoiced prices in the contract are considered standalone selling prices, and therefore determining the transaction price does not require significant judgements.

# Notes to the financial statements (continued)

## For the year ended 30 April 2022

44

## 2. Significant accounting policies (continued)

Revenue streams are analysed between as follows:

### Provision of energy

- Revenues from the provision of electricity and gas are recognised when the Company fulfils its performance obligation by transferring a promised good or service to a customer. An asset is deemed to be transferred when the customer obtains control of the asset. Energy supply is recognised over time as the customer receives and consumes the energy supplied and appropriately reflects the pattern of transfer.

For amounts that haven't been billed to the customer, the revenue is estimated using contracted tariff rates and estimated usage. This amount is reflected as contract assets at the end of the financial period. Further information can be found within Note 3 - critical accounting judgements and key sources of estimation and uncertainty.

### Licensing revenue

- Licensing agreements are in place between Kraken Technologies Limited and its customers. The revenue is generated from development, licensing, and related services. Development services' revenue is recognised over time as the system is made ready for use by the customer. Licensing fees, customer migration and operating services are each recognised over time as the customer uses and benefits from the services simultaneously. The methods used appropriately reflect the pattern of transfer of services to customers.

### Metering revenue

- Turnover is derived from the installation and replacement of smart meters, electric chargers and heat pumps across UK households for existing and new Octopus Energy customers, contracted through meter asset providers. The revenue in relation to the provision of these services is recognised as the service is provided.

### Other revenue

- The Group generates revenue from short term rentals of EVs. Revenue is recognised on a straight-line basis over the lease term.
- Fund management turnover is received in relation to investment management services provided to funds who own and construct renewable energy assets. The revenue from these services is recognised over the period that these services are provided to its customers.
- All other revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the Group and value added taxes.

A **contract asset** is recognised for revenue where the performance obligation (being the provision of utilisation and subscription services) has been completed, but payment remains conditional on acceptance by the customer. Once invoiced, the amount recognised as contract assets is reclassified to trade receivables. Contract assets arise from unbilled revenue, where services have been provided but not billed.

A **contract liability** is recognised if a payment is received, or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services or for instances where the customer is invoiced in advance. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer). Contract liabilities arise from accrued expenses, where services have been provided but not yet invoiced.

### 2.5 Intangible assets

#### Intangible assets acquired as part of a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an asset and are identifiable. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised over their useful economic life as follows:

- Software 3 years
- Customer acquisitions 3 years

**Goodwill**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition.

Goodwill is not amortised as it is expected to have an indefinite useful economic life, but is reviewed for impairment on an annual basis.

**Software development costs**

Software development costs are recognised as an intangible asset when all the following criteria are demonstrated:

- it is technically feasible to complete the software;
- management intends to complete the software;
- there is an ability to use or sell the software;
- it can be demonstrated that the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development are available;
- the expenditure attributable to the software during development can be reliably measured.

Subsequent to initial recognition, software development costs are reported at cost less accumulated amortisation and accumulated impairment losses. Total software development costs less their estimated residual value are amortised over their useful economic life on a straight-line basis over a period of three years. Amortisation starts when the asset is available-for-use. Costs associated with maintaining computer software are recognised as an expense.

Research and other development expenditure that does not meet the criteria for capitalisation as a software development cost are recognised as an expense in the Consolidated Statement of Comprehensive Income.

**2.6 Property, plant and equipment**

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation is charged to write down the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The Group uses forward contracts to hedge power and gas delivery for each of its customers. These contracts are considered to fall outside the scope of the application of IFRS 9 when they are entered into as part of the Group's normal business activity, 'own use' and as such are excluded from application of IFRS 9.

Depreciation is provided on the following basis:

- |                            |                    |
|----------------------------|--------------------|
| • Right of use assets      | Over life of lease |
| • Office equipment         | 3-5 years          |
| • Motor vehicles           | 3 years            |
| • Energy generation assets | 20 years           |

**2.7 Impairment of non-financial assets**

Non-financial assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash generating unit (CGU) to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs).

Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased. In accordance with IAS 38, Intangible Assets, goodwill is not amortised, but is reviewed for impairment on an annual basis.

# Notes to the financial statements (continued)

For the year ended 30 April 2022

46

## 2. Significant accounting policies (continued)

### 2.8 Investments in subsidiary undertakings

A subsidiary is an entity controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its return.

Investments are stated at cost less a provision for any impairment in value. Costs of the investments include all costs directly related to the acquisition of the investments.

### 2.9 Investments in associates and joint ventures

Investments in associates and joint ventures are accounted for using the equity method.

The carrying amount of the investment is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income, adjusted where necessary to ensure consistency with the accounting policies of the Group. In some cases, certain conditions in the agreements may dictate the level of returns from an investment, which will impact how the investment is measured. Further detail has been provided in Note 14. Unrealised gains and losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

### 2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

### 2.11 Financial instruments

A financial asset or a financial liability is recognised only when the Group becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are offset and the net amount reported in the Consolidated Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired; or,
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

### Financial assets

The Group's financial assets comprise cash and cash equivalents (see Note 2.10 above), trade receivables, contract assets, prepayments and other receivables. Trade receivables are initially measured at their transaction price. Other financial assets are measured at their fair value on initial recognition. Financial assets are accounted for on an amortised cost basis, using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group recognises a loss allowance, for expected credit losses on its financial assets which are held at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the financial asset. When the expected credit loss for trade receivables is determined, the Group makes use of the simplified approach, whereby the loss recognised is equal to the lifetime expected credit losses.

Lifetime expected credit losses represent the expected losses that may result from possible default events. The Group considers a financial asset in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The expected lifetime credit losses of the trade receivables and contract assets are estimated using a provision matrix. The matrix is based on the Group's historical credit loss experience, adjusted for forward-looking factors, that are specific to the trade receivables. This approach is also used for estimating the expected lifetime credit loss of the contract assets. At 30 April 2022 and 2021 an average expected credit loss has been used within the provision matrix.

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

### Financial liabilities

The Group's financial liabilities comprise trade payables, accruals and other payables and lease liabilities. The lease liabilities are measured in accordance with IFRS 16 (see Note 2.13 below). All other financial liabilities are classified as held at amortised cost. These liabilities are initially measured at fair value less transaction costs and subsequently measured using the effective interest method.

### 2.12 Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income.



# Notes to the financial statements (continued)

For the year ended 30 April 2022

48

## 2. Significant accounting policies (continued)

### 2.13 Leases

As a lessee, the Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises right-of-use assets representing the right to use the underlying assets, and lease liabilities representing obligations to make lease payments.

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

The Group enters into lease agreements with respect to the provision of EVs on lease. Leases for which the Group is a lessor are classified as operating leases, as the terms of the lease do not substantially transfer all the risks and rewards of ownership to the lessee. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

### 2.14 Finance income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

### 2.15 Taxation

Tax is recognised in the Consolidated Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the Group's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Deferred tax balances are not recognised in respect of temporary differences arising on initial recognition (other than on a business combination) that do not affect profit or loss. In respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

## 2.16 Share-based employee remuneration

The Group operates equity-settled, share-based remuneration plans for its employees. None of the Group's plans feature any options for a cash settlement. All goods and services received in exchange for the grant of any share-based payment are measured at their fair values.

Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (e.g. profitability and sales growth targets and performance conditions). The fair value has been determined using the Black-Scholes Model with the use of external valuation support.

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to retained earnings. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period based on the best available estimate of the number of share options expected to vest.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any adjustment to cumulative share-based payment compensation resulting from a revision is recognised in the current period. The number of vested options ultimately exercised by holders does not impact the expense recorded in any period.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs are allocated to share capital.

## 2.17 Government grants

Government grants are recognised in the profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Government grants that are receivable as compensation for expenses or losses already incurred are recognised in the income statement in the period in which they become receivable. These are offset against costs to which they relate.

## 3. Judgements in applying accounting policies and key sources of estimation uncertainty

When preparing consolidated financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

The key significant judgements include:

### Capitalisation of internally developed software

Distinguishing the research and development phases of a new customised software project and determining whether the recognition requirements for the capitalisation of development costs are met requires judgement. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired. Further details on the capitalisation criteria for internally developed software can be found in Note 2.5.

### Fair value of intangible assets acquired as part of business combinations

As part of the acquisition method, management must recognise the identifiable assets acquired and liabilities assumed at the acquisition date, including identifying intangible assets that may need to be recognised separately from goodwill. Management must apply judgement to determine the valuation of intangible assets, particularly when not previously recognised in the acquiree's pre-combination financial statements.

The Group performs specific analysis in order to accurately detect, recognise and attribute a fair value to the asset. To determine the fair value, estimation techniques are involved, these are based on management's historical experience and various other factors that are believed to be reasonable under the circumstances. Careful consideration is also given to the nature and characteristics of the intangible asset itself. Further details can be found in Note 2.5.

# Notes to the financial statements (continued)

For the year ended 30 April 2022

50

## 3. Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty include:

### Amortisation of acquisition costs

The current amortisation period for acquisition customer costs in Intangibles is 3 years, however the attrition rate is heavily dependent on the acquisition channel. Management will continue evaluating the appropriateness of the estimate used as the base of outcome data evolves. Further details on amortisation can be found in Note 11.

### Revenue recognition

Revenue includes an estimate of the sales value of units supplied to customers between the date of the last meter reading and the period end.

The estimate comprises both billed revenue (trade receivables) and unbilled revenue (accrued income) and is calculated by reference to data received through third party settlement systems, together with estimates of consumption not yet processed through settlements and selling price estimates. These estimates are sensitive to the assumptions used in determining the portion of sales not billed and based on meter readings at the reporting date. Further details on trade receivables and contract assets can be found in Note 15.

### Provision for bad and doubtful debts

The Group's key bad debt risk relates to energy customer balances, which are mitigated by a very high penetration of direct debit collections, close monitoring of customer account performance and strict processes for non-payment. In addition, management calculates a bad debt provision based on historic non-payment trends based on the ageing of customer balances and uses these percentages to calculate the bad debt provision. This calculation is reviewed on a regular basis.

The Group also assess accrued income on a regular basis to estimate the recoverability of the customer balances and a provision recognised for the estimated balance that is unlikely to be recovered. This estimation is based on historical customer data. Further details on provisions can be found in Note 15 and Note 18.

## 4. Revenue

The energy supply, licensing, and other revenue recognition policies are set out in the revenue accounting policy note above (Note 2.4).

	Year ended 30 April 2022 £m	Year ended 30 April 2021 £m
Electricity supply	2,435.3	1,186.2
Gas supply	1,587.4	720.1
Total energy supply	4,022.7	1,906.3
Licensing revenue	103.1	73.7
Metering services revenue	70.1	23.9
Other revenue	28.7	4.9
	4,224.6	2,008.8

Other revenue includes income from fund management (£18m), electric vehicle leasing (£5m) and other services provided by the Group.

## 5. Administrative expenses

	Year ended 30 April 2022 £m	Year ended 30 April 2021 £m
Sales and marketing	34.0	24.0
Audit remuneration	1.0	0.6
General and administration	363.1	157.6
Legal and professional	26.8	17.1
	<b>424.9</b>	<b>199.3</b>

The above presentation reflects the breakdown of operating expenses by nature of expense. Included in Auditors remuneration is £0.05m of non-audit services relating to assurance on industry and other similar reporting to third parties.

## 6. Operating loss

The operating loss is stated after (charging)/crediting:

	Year ended 30 April 2022 £m	Year ended 30 April 2021 £m
Depreciation	(7.9)	(3.0)
Amortisation of intangible assets	(100.1)	(57.1)
Industry levy	626.8	-
	<b>515.8</b>	<b>(60.1)</b>

All depreciation and amortisation expense is recorded in administrative expenses.

Under Ofgem's regulatory framework, the costs incurred to take on customers from suppliers that have exited the energy market will be recoverable through the industry levy. There is a credit against cost of sales for amounts agreed to be claimed through the levy.

Employee costs consist of:

	Year ended 30 April 2022 £m	Year ended 30 April 2021 £m
Wages and salaries	72.9	31.1
Social security costs	8.3	3.7
Costs of defined contribution scheme	2.7	1.5
Share-based payment charge (see Note 21)	4.8	1.1
	<b>88.7</b>	<b>37.4</b>

The Group has capitalised £8m of salary costs as part of intangible assets (2021: £4m). The average monthly number of employees, including Directors, during 2022 was 2,178 (2021: 956).

# Notes to the financial statements (continued)

For the year ended 30 April 2022

52

## 7. Key management personnel compensation

	Year ended 30 April 2022 £m	Year ended 30 April 2021 £m
Short-term employee benefits	0.5	0.5
	<b>0.5</b>	<b>0.5</b>

The Directors are considered to be the key management personnel of the Group (see Note 23).

The highest paid Director received short-term employee benefits (before charitable donations) of £163k (2021: £161k) and Company contributions to defined contributions pension schemes of £10k (2021: £8k). Additional information for the highest paid Director's actions regarding his salary have been provided on page 10.

There are 6 Directors who did not receive any remuneration in respect of services to the Group. These Directors are employed by the Group's shareholders and do not specifically receive any remuneration through the Group.

## 8. Finance income/(expense)

	Year ended 30 April 2022 £m	Year ended 30 April 2021 £m
Finance income	27.7	-
Interest expense on financial liabilities held at amortised cost	(9.4)	(9.2)
Finance charges payable on lease liabilities	(1.4)	(0.4)
Other interest payable	(2.5)	(1.3)
Finance expense	<b>(13.3)</b>	<b>(10.9)</b>

Finance income includes the cost of capital reclaimed as part of the Supplier of Last Resort process, from the Industry Levy, associated with the Group taking on the Avro customer book.

The Group has access to revolving credit facilities, which were used during to year to fund working capital needs, with £40m drawn down at 30 April 2022. The Group pays guarantee fees and commitment fees for the credit lines. These costs are included in finance expenses above.

## 9. Taxation

### a) The taxation (charge)/credit is made up as follows:

	Year ended 30 April 2022 £m	Restated Year ended 30 April 2021 £m
<b>Current taxation</b>		
Corporation tax on profits for the period	0.2	4.8
Foreign tax	(0.1)	(0.1)
Adjustments in respect of current income tax of previous year	0.5	10.6
	<b>0.6</b>	<b>15.3</b>
<b>Deferred tax</b>		
Deferred tax for the period	5.7	3.7
Timing differences	17.4	-
Adjustments in respect of current income tax of previous year	(1.6)	(8.7)
Impact of rate change on opening DT	2.6	0
	<b>24.1</b>	<b>(5.0)</b>
<b>Income tax credit recognised in Consolidated Statement of Comprehensive Income</b>	<b>24.7</b>	<b>10.3</b>

Deferred tax has been calculated at 25% at 30 April 2022 as this rate has been substantially enacted at the balance sheet date.

### b) Factors affecting tax (charge)/credit for the period:

The tax assessed for the period is lower/higher than the standard rate of corporation tax in the UK (19%). The differences are explained below:

	Year ended 30 April 2022 £m	Restated Year ended 30 April 2021 £m
<b>Loss before taxation</b>	<b>165.7</b>	<b>75.0</b>
<b>Income tax:</b>		
Tax credit calculated at UK statutory corporation tax rate of 19% (2020: 19%)	31.5	14.3
Disallowed expenses and non-taxable income	3.7	(3.4)
Adjustments in respect of prior years	(1.1)	1.9
Difference in UK and overseas rate	(1.4)	(0.2)
Deferred tax unrecognised this period	(7.7)	(2.3)
Research & development tax credits	(0.2)	-
Other permanent differences	0.5	-
Impact of rate change	6.5	-
Fixed asset difference	(7.1)	-
<b>Income tax credit</b>	<b>24.7</b>	<b>10.3</b>

# Notes to the financial statements (continued)

For the year ended 30 April 2022

54

## 10. Property, plant and equipment

	Property £m	Office equipment £m	Vehicles £m	Energy generation £m	Total £m
<b>Cost</b>					
At 1 May 2021	10.1	2.6	2.2	2.8	<b>17.7</b>
Additions	22.1	11.0	9.2	0.6	<b>43.0</b>
Disposals	-	-	-	-	-
<b>At 30 April 2022</b>	<b>32.2</b>	<b>13.6</b>	<b>11.4</b>	<b>3.4</b>	<b>60.7</b>
<b>Depreciation</b>					
At 1 May 2021	(3.0)	(1.1)	(0.3)	-	<b>(4.4)</b>
Charge for the period	(4.0)	(1.5)	(2.2)	(0.2)	<b>(7.9)</b>
Disposals	-	-	-	-	-
<b>At 30 April 2022</b>	<b>(7.0)</b>	<b>(2.6)</b>	<b>(2.5)</b>	<b>(0.2)</b>	<b>(12.3)</b>
<b>Net book value</b>					
<b>At 30 April 2022</b>	<b>25.2</b>	<b>11.1</b>	<b>8.9</b>	<b>3.2</b>	<b>48.4</b>
At 30 April 2021	7.1	1.4	1.9	2.7	<b>13.1</b>

The amounts included in property and vehicles relate to right-of-use assets.

### Company

The Company had no tangible assets at 30 April 2022 (2021: £nil).

## 11. Intangible assets

	Software development £m	Customer acquisitions £m	Goodwill £m	Fund contracts £m	Total £m
<b>Cost</b>					
At 1 May 2021	23.4	216.1	22.2	-	<b>261.8</b>
Additions	21.3	119.3	65	-	<b>205.6</b>
Additions from business combinations	2.2	-	-	15.3	<b>17.5</b>
Impairment/disposals	-	-	-	-	-
<b>At 30 April 2022</b>	<b>46.9</b>	<b>355.4</b>	<b>87.2</b>	<b>15.3</b>	<b>484.8</b>
<b>Amortisation</b>					
At 1 May 2021	(7.6)	(92.6)	-	-	<b>(100.2)</b>
Charge for year	(10.1)	(89.3)	-	(0.7)	<b>(100.1)</b>
Impairment/disposals	-	-	-	-	-
<b>At 30 April 2022</b>	<b>(17.7)</b>	<b>(181.9)</b>	<b>-</b>	<b>(0.7)</b>	<b>(200.3)</b>
<b>Net book value</b>					
<b>At 30 April 2022</b>	<b>29.2</b>	<b>153.5</b>	<b>87.2</b>	<b>14.6</b>	<b>284.5</b>
At 30 April 2021	15.8	123.5	22.2	-	<b>161.5</b>

Software development cost represents the salaries and other cost associated with the development of the Kraken software. All software development cost assets included above were in use at the reporting period-ends.

Under IFRS goodwill is not amortised but is subject to an annual impairment test. Impairment of goodwill is reviewed annually at the level of the cash generating units by comparing the goodwill held to the five year forecast. An impairment charge is taken in relation to the goodwill not recoverable. As at 30 April 2022 goodwill impairment testing has resulted in no impairment charges.

£33.3m of goodwill relates to the fund management business, ORL. The recoverable value for the fund management CGU has been calculated using a discounted cash flow model with the forecast growth of funds under management being the key assumption in the discounted cash flow model.

#### Company

The Company had no intangible assets at 30 April 2022 (2021: £nil).

## 12. Investments

#### Company

	As at 30 April 2022 £m	As at 30 April 2021 £m
At 1 May	16.4	8.9
Investments during the period	26.9	7.5
At 30 April	43.3	16.4

#### Interests in Group undertakings

The list of all subsidiaries is as follows:

#### Subsidiary undertakings incorporated in the United Kingdom

Name	Address of registered office	Nature of business	Interest 2022
Octopus Energy Limited*	UK House, 5th Floor, 164-182 Oxford Street, London, United Kingdom, W1D 1NN	Trade of electricity and gas	100%
Affect Energy Limited	UK House, 5th Floor, 164-182 Oxford Street, London, United Kingdom, W1D 1NN	Trade of electricity and gas	100%
Octopus Energy Services Limited*	UK House, 5th Floor, 164-182 Oxford Street, London, United Kingdom, W1D 1NN	Energy smart meter installer	100%
Leyland Metering Services Limited (dormant)	UK House, 5th Floor, 164-182 Oxford Street, London, United Kingdom, W1D 1NN	Meter installation	100%
Octopus Energy Eco Limited	UK House, 5th Floor, 164-182 Oxford Street, London, United Kingdom, W1D 1NN	Provider of Home Heating Cost Reduction Obligation	100%
Octopus Electric Vehicles Limited*	UK House, 5th Floor, 164-182 Oxford Street, London, United Kingdom, W1D 1NN	Renting and leasing of cars and light motor vehicles	100%
Kraken Technologies Limited*	UK House, 5th Floor, 164-182 Oxford Street, London, United Kingdom, W1D 1NN	Business and domestic software development	100%
KrakenFlex Limited (formerly known as Upside Energy Ltd)	UK House, 5th Floor, 164-182 Oxford Street, London, United Kingdom, W1D 1NN	Other information technology service activities	100%



# Notes to the financial statements (continued)

For the year ended 30 April 2022

56

## 12. Investments (continued)

### Subsidiary undertakings incorporated in the United Kingdom (continued)

Name	Address of registered office	Nature of business	Interest 2022
Smart Pear Limited	UK House, 5th Floor, 164-182 Oxford Street, London, United Kingdom, W1D 1NN	Information technology consultancy and services activities	100%
Octopus Energy Hydrogen Group Limited* (formerly known as Octopus Energy Hatchery Ltd)	UK House, 5th Floor, 164-182 Oxford Street, London, United Kingdom, W1D 1NN	Environmental consulting activities	75%
Octopus Energy Hydrogen Limited	UK House, 5th Floor, 164-182 Oxford Street, London, United Kingdom, W1D 1NN	Other business support service activities	75%
Octopus Energy Generation Holdco Limited*	UK House, 5th Floor, 164-182 Oxford Street, London, United Kingdom, W1D 1NN	Holding Company	100%
Octopus Energy Generation No.1 Limited	UK House, 5th Floor, 164-182 Oxford Street, London, United Kingdom, W1D 1NN	Production of electricity	100%
Octopus Energy Generation No.2 Limited	UK House, 5th Floor, 164-182 Oxford Street, London, United Kingdom, W1D 1NN	Production of electricity	100%
Octopus Renewables Limited (formerly known as Octopus Healthcare Adviser Ltd)	UK House, 5th Floor, 164-182 Oxford Street, London, United Kingdom, W1D 1NN	Fund management activities	100%
OCTOPUS REIP III GP Ltd	2nd Floor, Gaspé House, 66-72 Esplanade, St Helier, JE1 1GH, Jersey	Fund management activities	100%
Octopus Renewables Infrastructure Partnership GP SARL	60, Avenue J.F. Kennedy L-1855 Luxembourg	Fund management activities	100%
Octopus REIP IV GP Limited	2nd Floor, Gaspé House, 66-72 Esplanade, St Helier, JE1 1GH, Jersey	Fund management activities	100%
Octopus Renewable Energy Income Partnership IV LP	2nd Floor, Gaspé House, 66-72 Esplanade, St Helier, JE1 1GH, Jersey	Fund management activities	100%
Octopus REIP DM Holdings Ltd	6th Floor 33 Holborn, London, England, EC1N 2HT	Fund management activities	100%
Octopus REIP DM1 Ltd	6th Floor 33 Holborn, London, England, EC1N 2HT	Fund management activities	100%
Octopus REIP DM2 Ltd	6th Floor 33 Holborn, London, England, EC1N 2HT	Fund management activities	100%
Octopus Renewable Income Partnership GP LLP	6th Floor 33 Holborn, London, England, EC1N 2HT	Holding Company	100%
Octopus Energy Development Partnership GP Limited	6th Floor 33 Holborn, London, England, EC1N 2HT	Holding Company	100%
Octopus Energy Development Partnership LP Limited	6th Floor 33 Holborn, London, England, EC1N 2HT	Holding Company	100%

Octopus Energy Collective Limited	UK House, 5th Floor, 164-182 Oxford Street, London, United Kingdom, W1D 1NN	Holding Company	100%
Centre for Net Zero Limited	UK House, 5th Floor, 164-182 Oxford Street, London, United Kingdom, W1D 1NN	Global energy transition research	100%
Octopus Energy Heating Limited*	UK House, 5th Floor, 164-182 Oxford Street, London, United Kingdom, W1D 1NN	Pump development	100%
KTL MidCo Limited*	UK House, 5th Floor, 164-182 Oxford Street, London, United Kingdom, W1D 1NN	Holding Company	100%
KTL FinCo Limited	UK House, 5th Floor, 164-182 Oxford Street, London, United Kingdom, W1D 1NN	Holding Company	100%
Renewable Energy Devices Limited	12 Charlestown Drive, Portadown, Craigavon, Armagh, Northern Ireland, BT63 5GA	Manufacture of pumps	20%

#### Subsidiary undertakings incorporated outside the United Kingdom

Name	Address of registered office	Nature of business	Interest 2022
Octopus Energy Australia Pty Limited	'Como Centre' Suite 201 Level 2, 644 Chapel Street, South Yarra VIC 3141	Provider of IT engineering services	100%
Octopus Energy Japan G.K	KDX Hakozaiki Building 8th Floor, 41-12 Nihombashi Hakozaikicho, Chuo-ku, Tokyo, Japan	Business and domestic software development	100%
Kraken Bilgi ve Teknolojileri Danışmanlık ve Ticaret Limited. Şti.	Yesilce Mah. Emirsah SK. No: 21A Kagithane, Istanbul	Business and domestic software development	100%
Octopus Energy Germany GmbH*	4hundred GmbH, Ernst-Heimeran-Weg 10, 82319 Starnberg, Germany	Trade of electricity and gas	100%
Octopus Energy NZ Limited*	46 Ellice Street, Mount Victoria, Wellington, 6011	Production of electricity	100%
Octopus Energy US Inc.*	2700 Post Oak Blvd FL 21, Houston, TX, 77056-5797, United States	Holding Company	100%
Octopus Energy US Mezzanine LLC	2700 Post Oak Blvd FL 21, Houston, TX, 77056-5797, United States	Holding Company	100%
Octopus Energy LLC	2700 Post Oak Blvd FL 21, Houston, TX, 77056-5797, United States	Trade of electricity and gas	100%
Octopus Energy Generation Singapore Pte Ltd	80 Robinson Road #02-00 Singapore 068898	Fund management activities	100%
Octopus Energy Singapore Holdings Pte Ltd.*	80 Robinson Road #02-00 Singapore 068898	Holding Company	100%

# Notes to the financial statements (continued)

For the year ended 30 April 2022

## 12. Investments (continued)

### Subsidiary undertakings incorporated outside the United Kingdom (continued)

Name	Address of registered office	Nature of business	Interest 2022
Octopus Energy Singapore Pte Ltd.	80 Robinson Road #02-00 Singapore 068898	Trade of electricity and gas	100%
Plüm Énergie SAS*	30-32 rue Proudhon, 93210 Saint-Denis	Trade of electricity and gas	100%
Plüm Entreprises & Collectivités SAS	30-32 rue Proudhon, 93210 Saint-Denis	Trade of electricity and gas	100%
Octopus Energy Iberia, S.L.U.* (formerly known as Umeme Investment, S.L.U.)	Avenida del Puerto 1-Escalera derecha, principal 1º, Valencia-46021 Valencia	Holding Company	100%
Octopus Energy Espana, S.L.U. (formerly known as Umeme Energia, S.L.U.)	Avenida del Puerto 1-Escalera derecha, principal 1º, Valencia-46021, Valencia.	Trade of electricity and gas	100%
Octopus Energy Italia S.r.l* (formerly known as Sato Energia Holdings S.R.L.)	Ascoli Piceno (AP), via del Bozzolo 3, 63100, Zona Industriale Basso Marino	Trade of electricity and gas	100%

All of the above subsidiaries are included in consolidation.

\* indicates direct investment of Octopus Energy Group Limited

### Subsidiary audit exemptions

The following UK subsidiary undertakings are exempt from the requirements of the Companies Act 2006 (the Act) relating to the audit of individual accounts by virtue of section 479A of the Act:

Affect Energy Limited, Octopus Energy Eco Limited, KrakenFlex Limited, Smart Pear Limited, Octopus Energy Hydrogen Group Limited, Octopus Energy Generation No.1 Limited, Octopus Energy Generation No.2 Limited, Octopus REIP DM Holdings Ltd, Octopus REIP DM1 Ltd, Octopus REIP DM2 Ltd, Octopus Renewable Income Partnership GP LLP, Octopus Energy Development Partnership GP Limited, Octopus Energy Development Partnership LP Limited, Octopus Energy Collective Limited, Centre for Net Zero Limited, Octopus Energy Heating Limited, KTL MidCo Limited, KTL FinCo Limited.

OEG will guarantee the debts and liabilities of its UK subsidiaries, at the balance sheet date in accordance with section 479C of the Companies Act 2006.

## 13. Acquisitions

During the year ended 30 April 2022, the Group made five acquisitions:

- Octopus Renewables Limited
- Octopus Energy Iberia, S.L.U. (formerly known as Umeme Investments, S.L.)
- Octopus Energy Italia S.r.l (formerly known as Sato Energia Holdings S.R.L.)
- Plüm Énergie SAS
- Renewable Energy Devices Limited

Below are the summaries of the assets acquired and liabilities assumed and the purchase consideration of:

- a) the total of acquisitions
- b) Octopus Renewables Limited
- c) Octopus Energy Iberia, S.L.U.
- d) Octopus Energy Italia S.r.l
- e) Plüm Énergie SAS
- f) Renewable Energy Devices Limited

**a) Total of acquisitions**

	<b>Total £m</b>
Intangible assets	<b>25.8</b>
Other financial assets	<b>4.5</b>
<b>Non-current assets</b>	<b>30.3</b>
Inventories	<b>0.4</b>
Trade and other receivables	<b>32.1</b>
Cash and cash equivalents	<b>20.7</b>
<b>Total assets</b>	<b>83.5</b>
Trade and other payables	<b>(54.9)</b>
<b>Current liabilities</b>	<b>(54.9)</b>
Borrowings	<b>(7.9)</b>
<b>Total liabilities</b>	<b>(62.8)</b>
<b>Net assets of businesses acquired</b>	<b>20.7</b>
Initial cash consideration paid	<b>30.8</b>
Fair value of deferred consideration	<b>42.8</b>
<b>Total consideration</b>	<b>73.7</b>
<b>Total non-controlling interest</b>	<b>12.0</b>
<b>Goodwill arising on acquisition</b>	<b>65.0</b>

**b) Octopus Renewables Limited**

	<b>Total £m</b>
Intangible assets	<b>15.3</b>
<b>Non-current assets</b>	<b>15.3</b>
Trade and other receivables	<b>0.9</b>
Cash and cash equivalents	<b>4.3</b>
<b>Total assets</b>	<b>20.5</b>
Trade and other payables	<b>(2.5)</b>
<b>Total liabilities</b>	<b>(2.5)</b>
<b>Net assets of businesses acquired</b>	<b>18.0</b>
Initial cash consideration paid	<b>18.0</b>
Fair value of deferred consideration	<b>33.3</b>
<b>Total consideration</b>	<b>51.3</b>
<b>Goodwill arising on acquisition</b>	<b>33.3</b>

In July 2021, Octopus Energy Generation Holdco Limited (OEGHL) acquired 100% of the equity of Octopus Renewables Limited (ORL). ORL generates fee income from managing one of the largest portfolios of renewable energy generation in Europe, with £4bn worth of third party generation assets under management, focussed predominantly in solar and off shore wind. The acquisition brings together the supply and generation side of energy, combining in-depth investment and energy knowledge with the industry-leading energy tech platform Kraken.

# Notes to the financial statements (continued)

For the year ended 30 April 2022

60

## 13. Acquisitions (continued)

The initial cash consideration paid was £18m, with a total deferred consideration payable of £33.3m which represents the fair value of the estimated amounts payable contingent upon the future growth of the funds under management over the next five years. The excess of the fair value of the consideration paid over the value of the net assets represents the expected future synergies of the business, by combining efforts with the Group's businesses and existing management expertise to bring in new funds under management.

Octopus Renewables Limited contributed £16.5m of revenue and a profit after tax of £1.8m for the year ended 30 April 2022. If the acquisition had occurred on 1 May 2021, the Group's consolidated revenue and consolidated profit after tax for the 12 months ended 30 April 2022 would have been £4,244m and £(137.4)m respectively.

### c) Octopus Energy Iberia, S.L.U. (formerly known as Umeme Investments, S.L.)

	Total £m
Intangible assets	1.0
<b>Non-current assets</b>	<b>1.0</b>
Trade and other receivables	3.7
Cash and cash equivalents	0.2
<b>Total assets</b>	<b>4.9</b>
Trade and other payables	(1.5)
<b>Current liabilities</b>	<b>(1.5)</b>
Borrowings	(3.2)
<b>Total liabilities</b>	<b>(4.7)</b>
<b>Net assets of businesses acquired</b>	<b>0.2</b>
Initial cash consideration paid	1.3
<b>Total consideration</b>	<b>1.3</b>
<b>Goodwill arising on acquisition</b>	<b>1.1</b>

On 19 July 2021 the Group purchased the entire share capital of Octopus Energy Iberia, S.L.U. (formerly known as Umeme Investments, S.L.), for £1.3m, a green energy start up based in Valencia, Spain. The acquisition was made in line with the Group's continued vision of international expansion.

The excess of the fair value of the consideration paid over the value of the assets acquired represents goodwill of £1.1m and the opportunity for the Group to leverage off the foothold already established in Spain.

Octopus Energy Iberia, S.L.U. contributed £22.7m of revenue and a loss after tax of (£1.3m) for the year ended 30 April 2022. If the acquisition had occurred on 1 May 2021, the Group's consolidated revenue and consolidated profit after tax for the 12 months ended 30 April 2022 would have been £4,250m and £(142.4)m respectively.

**d) Octopus Energy Italia S.r.l (formerly known as Sato Energia Holdings S.R.L.)**

	<b>Total £m</b>
Trade and other receivables	<b>1.0</b>
Cash and cash equivalents	<b>0.2</b>
<b>Total assets</b>	<b>1.2</b>
Trade and other payables	<b>(0.8)</b>
<b>Total liabilities</b>	<b>(0.8)</b>
<b>Net assets of businesses acquired</b>	<b>0.4</b>
Initial cash consideration paid	<b>0.4</b>
Fair value of deferred consideration	<b>0.4</b>
<b>Total consideration</b>	<b>0.8</b>
<b>Goodwill arising on acquisition</b>	<b>0.4</b>

In addition, in November 2021 the Group acquired 100% of the shares of Octopus Energy Italia S.r.l (formerly Sato Energia Holdings S.R.L.) for an initial cash consideration of £0.4m. The current deferred consideration payable represents the fair value of the estimated amounts payable for five separate milestones being achieved.

Octopus Energy Italia S.r.l, is an energy supply company based in Italy and was acquired to grow the Group's international customer base.

For the year ended 30 April 2022 Octopus Energy Italia S.r.l contributed £2.3m revenue and (£0.1m) loss after tax. If the acquisition had occurred on 1 May 2021, the Group's consolidated revenue and consolidated profit after tax for the 12 months ended 30 April 2022 would have been £4,228.1m and £(141.0)m respectively.

**e) Plüm Energie SAS**

	<b>Total £m</b>
Intangible assets	<b>7.8</b>
Other financial assets	<b>4.5</b>
<b>Non-current assets</b>	<b>12.3</b>
Trade and other receivables	<b>32.8</b>
Cash and cash equivalents	<b>16.0</b>
<b>Total assets</b>	<b>61.1</b>
Trade and other payables	<b>(55.7)</b>
<b>Current liabilities</b>	<b>(55.7)</b>
Borrowings	<b>(4.9)</b>
<b>Total liabilities</b>	<b>(60.6)</b>
<b>Net assets of businesses acquired</b>	<b>0.5</b>
Initial cash consideration paid	<b>9.7</b>
Fair value of deferred consideration	<b>9.2</b>
<b>Total consideration</b>	<b>18.9</b>
<b>Goodwill arising on acquisition</b>	<b>18.4</b>

100% of the privately held shares of Plüm Energie SAS were purchased 27 January 2022 for an initial cash consideration of £9.7m. The current deferred consideration payable represents the fair value of the estimated amounts payable for four separate milestones being achieved.

# Notes to the financial statements (continued)

For the year ended 30 April 2022

62

## 13. Acquisitions (continued)

The acquisition of Plüm is the largest international customer portfolio acquired by the Group to date and serves an excellent platform from which to grow our retail presence in France.

The excess of the fair value of the consideration paid over the fair value of the assets acquired represents the opportunity for the Group to leverage off the foothold already established in France by Plüm Énergie.

For the year ended 30 April 2022 Plüm Énergie SAS contributed £43.3m revenue and (£1.9m) loss after tax. If the acquisition had occurred on 1 May 2021, the Group's consolidated revenue and consolidated profit after tax for the 12 months ended 30 April 2022 would have been £4,379.1m and £(147.8)m respectively.

### f) Renewable Energy Devices Limited

	Total £m
Intangible assets	2.1
<b>Non-current assets</b>	<b>2.1</b>
Inventories	0.4
Trade and other receivables	0.2
Cash and cash equivalents	0.1
<b>Total assets</b>	<b>2.8</b>
Trade and other payables	(0.7)
<b>Total liabilities</b>	<b>(0.7)</b>
<b>Net assets of businesses acquired</b>	<b>2.1</b>
Initial cash consideration paid	1.4
<b>Total consideration</b>	<b>1.4</b>
<b>Total non-controlling interest</b>	<b>12.0</b>
<b>Goodwill arising on acquisition</b>	<b>11.3</b>

In February 2022 the Group acquired a 20% holding in Renewable Energy Devices Limited (RED), with an immediately exercisable option to acquire the remaining 80%, giving OEGL controlling power based on the potential voting rights. An initial £1.4m cash consideration was paid for RED and £12m has been recognised as non-controlling interest.

RED manufactures ultra-high efficiency Air Source Heat Pumps and associated technologies, the acquisition will help to expand and scale Octopus' current heat pump production. We are aiming to help build an industry around low carbon heating and heat pumps; with this acquisition following our investment into the UK's first research and development centre for the decarbonisation of heat based in Slough.

The excess of the fair value of the consideration paid over the fair value of the assets acquired represents management's expertise and knowledge around the design and manufacture of innovative patented air source heat pumps.

For the year ended 30 April 2022 RED contributed £0.3m revenue and (£0.01m) loss after tax. If the acquisition had occurred on 1 May 2021, the Group's consolidated revenue and consolidated profit after tax for the 12 months ended 30 April 2022 would have been £4,225.9m and £(140.9)m respectively.

## 14. Companies accounted for under the equity method

On 6 September 2021, Octopus Energy Services Limited converted loan notes of £0.3m for a 25% equity share in Energise Energy Solutions Limited (Energise). Energise will help to increase our installer coverage across the UK.

At 30 April 2022, the detail of the Group's companies accounted for under the equity method are as follows:

Name	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held by the Group	
			30/04/2022	30/04/2021
TG Octopus Energy Co., Ltd	Electricity supply	Japan	30%	30%
Energise Energy Solutions Limited	Meter installation	United Kingdom	25%	-
Co-op Community Energy Limited	Renewable generation	United Kingdom	50%	50%

All of the above associates are accounted for using the equity method and the carrying value of the Group's investments is as follows:

	As at 30 April 2022 £m	As at 30 April 2021 £m
At 1 May	2.8	-
Investment during the period	0.6	2.9
Share of loss	(1.2)	(0.1)
At 30 April	2.2	2.8

Summarised financial information in respect of each of the Group's material associates is set out below. Greater detail is not disclosed on the grounds of materiality.

	As at 30 April 2022 £m	As at 30 April 2021 £m
Net operating loss	(3.8)	-
Finance expense	-	-
Non-current assets	3.2	-
Current assets	4.2	9.2
Total assets	7.4	9.2
Non-current liabilities	-	-
Current liabilities	(2.7)	(0.2)
Total liabilities	(2.7)	(0.2)
Net assets/(liabilities)	4.7	9.0



# Notes to the financial statements (continued)

## For the year ended 30 April 2022

64

### 15. Trade and other receivables

The following balances are all due to be realised within one year of the reporting date:

	Group		Company	
	As at 30 April 2022 £m	As at 30 April 2021 £m	As at 30 April 2022 £m	As at 30 April 2021 £m
Trade receivables	401.5	139.9	-	-
Other receivables	644.2	38.5	0.3	24.9
Amounts owed by Group undertakings	-	-	725.3	169.0
Prepayments	121.7	60.1	3.2	1.3
Contract assets	400.7	129.4	-	-
	1,568.1	367.8	728.8	195.2

Under Ofgem's regulatory framework, relevant costs incurred as a result of taking on customers from suppliers that have exited the energy market, will be recoverable through the levy. Included within other receivables is £625m in respect of the amount claimed from the industry levy in respect of the Avro supplier of last resort.

Trade receivables and contract assets are shown net of provisions, see Note 18 for further details.

Further disclosures relating to trade and other receivables are set out in Note 18.

#### Trade and other receivables: Amounts falling due after more than one year

	Group		Company	
	As at 30 April 2022 £m	As at 30 April 2021 £m	As at 30 April 2022 £m	As at 30 April 2021 £m
Amounts owed from related parties	24.4	124.7	24.4	124.3
	24.4	124.7	24.4	124.3

At 30 April 2022 other receivables include cash amounts owed from Origin Energy and Tokyo Gas in respect of shares issued in March 2021.

Further disclosures relating to trade and other receivables are set out in Note 18.

### 16. Deferred Tax

	As at 30 April 2022 £m	As at 30 April 2021 £m
Opening balance	7.4	12.7
Deferred tax provided on intangibles	(1.4)	(0.8)
P&L movement	24.1	(5.0)
Deferred tax on acquisition	-	0.5
Closing balance	30.1	7.4

## 17. Trade and other payables: Amounts falling due within one year

	Group		Company	
	As at 30 April 2022 £m	Restated As at 30 April 2021 £m	As at 30 April 2022 £m	As at 30 April 2021 £m
<b>Liabilities held at amortised cost</b>				
Trade payables	424.3	33.9	-	-
Other payables	36.9	2.4	-	0.4
Amounts owed to related parties	2.6	-	-	-
Accruals	896.9	392.6*	1.8	0.2
Contract liabilities	240.4	128.9	-	-
<b>Total</b>	<b>1,601.1</b>	<b>557.8</b>	<b>1.8</b>	<b>0.6</b>

\* While preparing the financial statements for the year ended 30 April 2022, management noticed that the prior year accrual in relation to cost of sales was understated. In the context of industry defined set costs, management were aware of the significantly increased prices in comparison to what was originally considered at the year end and this information became available before signing off the FY21 financial statements leading to an under accrual of £15.8m. Further, accruals related to costs to be incurred for Renewable Obligations (RO) and Renewable Energy Guarantees of Origin (REGO) were understated by £9.2m and £7.6m respectively. Therefore, these have been retrospectively adjusted in the current year accounts. This has increased cost of sales by £32.6m, decreased corporation tax by £4.9m and increased accruals by £32.6m. This matter does not impact brought forward reserves at 1 May 2020. In respect of the cash flow statement there was no change in the total net cash generated from operating activities with the equivalent movements netting off within that analysis. The restatements were limited to the consolidated financial statements and did not apply to the company only financial statements.

Other payables includes £3.7m of deferred consideration for business combinations.

Further disclosures relating to trade and other payables are set out in Note 18.

### Trade and other payables: Amounts falling due after more than one year

	Group		Company	
	As at 30 April 2022 £m	As at 30 April 2021 £m	As at 30 April 2022 £m	As at 30 April 2021 £m
<b>Liabilities held at amortised cost</b>				
Other payables	14.2	-	9.4	-
Amounts owed to related parties	30.9	-	-	-
<b>Total</b>	<b>45.1</b>	<b>-</b>	<b>9.4</b>	<b>-</b>

Other payables includes £9.4m of deferred consideration for business combinations.

Further disclosures relating to trade and other payables are set out in Note 18.

# Notes to the financial statements (continued)

For the year ended 30 April 2022

66

## 18. Financial Instruments

The Group has the following financial assets and financial liabilities at the reporting dates:

	As at 30 April 2022 £m	Restated As at 30 April 2021 £m
<b>Financial assets</b>		
<b>Current assets</b>		
Held at amortised cost:		
Cash and cash equivalents	235.7	91.9
Trade receivables	401.5	139.9
Other receivables	19.6	38.5
Avro levy	624.6	-
Total assets held at amortised cost	1,281.4	270.3
<b>Non-current assets</b>		
Held at amortised cost:		
Amounts owed from related parties	24.4	124.7
Total non-current assets held at amortised cost	24.4	124.7
<b>Financial liabilities</b>		
<b>Current liabilities</b>		
Held at amortised cost:		
Trade payables	(424.3)	(33.9)
Other payables	(36.9)	(2.4)
Accruals	(896.9)	(392.6)*
Amounts owed to related parties	(2.6)	-
Borrowings	(40.0)	-
Lease liabilities	(4.6)	(2.7)
Total	(1,405.3)	(431.6)
<b>Non-current liabilities</b>		
Held at amortised cost:		
Deferred consideration	(9.4)	-
Other payables	(4.8)	-
Amounts owed to related parties	(30.9)	-
Lease liabilities	(31.2)	(6.1)
Total	(76.3)	(6.1)

\* FY 2021 comparatives have been restated as disclosed further in Note 17.

The Group's financial risk management framework addresses the main risks arising from the Group's financial instruments, which are liquidity risk, credit risk and market risk. The Directors review and agree policies for managing these risks, which are summarised below:

**Liquidity risk:** The Group uses short and long-term cash flow forecasts to manage liquidity risk. A key factor in managing the Group's liquidity risk is the demand and cost of energy. The Group manages this risk by following a strict and sophisticated hedging policy. The Group manages its cash resources to ensure it has sufficient funds to meet all expected demands as they fall due.

**Credit risk:** credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables). The Group's exposure to credit risk is mitigated by the nature of its customer base and payment profiles. Cash collections and aged debtor profile payments are reviewed on an ongoing basis, to ensure any issues are escalated and reviewed. In FY22 the largest concentrated receivable is the industry levy claim, which has limited credit risk given the counterparties and the post balance sheet debt factoring.

**Market risk:** Market risk is the possibility that changes in interest rates or foreign exchange rates will adversely affect the value of assets, liabilities or expected future cash flows.

- **Interest rate risk:** The Group's debt bears a fixed rate of interest and no floating rate debt is currently issued.
- **Foreign exchange risk:** The Group's increasing international presence increases the foreign exchange risk present within the Group. Foreign exchange gains and losses arise in the normal course of business from the recognition of receivables and payables and other monetary items in currencies other than an entity's functional currency.

#### Liquidity risk

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

##### As at 30 April 2022

	On demand £m	Less than 3 months £m	3 to 12 months £m	1 to 5 years £m	> 5 years £m	Total £m
IFRS 16 lease liability	-	-	4.6	19.9	11.3	35.8
Trade payables	-	425.0	-	-	-	425.0
Other payables	-	935.7	-	-	-	935.7
Borrowings	-	-	40.0	-	-	40.3
	-	1,575.0	44.6	19.9	11.3	1,436.8

##### As at 30 April 2021 (restated)

	On demand £m	Less than 3 months £m	3 to 12 months £m	1 to 5 years £m	> 5 years £m	Total £m
IFRS 16 lease liability	-	-	2.7	4.0	2.1	8.8
Trade payables	-	33.9	-	-	-	33.9
Other payables*	-	395.0	-	-	-	395.0
	-	428.9	2.7	4.0	2.1	437.7

\* FY 2021 comparatives have been restated as disclosed further in Note 17.

#### Credit risk

The movement in the Expected Credit Loss ('ECL') impairment allowance can be reconciled as follows:

	As at 30 April 2022 £m	As at 30 April 2021 £m
Trade receivables and contract assets	971.1	348.4
Less: allowance for impairment	(201.1)	(79.2)
Net trade receivables and contract assets	769.9	269.2

The Group uses the Lifetime ECL which is adjusted via the profit and loss account.

# Notes to the financial statements (continued)

For the year ended 30 April 2022

68

Octopus Energy Group Limited  
Annual Report and Financial Statements 2022

## 18. Financial Instruments (continued)

The net allowance for impairment as a proportion of outstanding receivables has decreased since 30 April 2021 due to a reduction in the proportion which are past due, however there has been a significant increase in the Group's trade receivables and contract assets balance as a result of the 110% increase growth in revenue in the year and as a result the total allowance for impairment has increased in the year.

The movement in the Expected Credit Loss ('ECL') impairment allowance can be reconciled as follows:

	2022 £m	2021 £m
Opening balance	79.2	65.0
Charged to administrative expenses	145.9	43.4
Receivables written off	(24.0)	(29.5)
Closing balance	201.1	79.2

### Group capital

The Group's capital includes issued capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value, whilst at the same time operating within a capital framework that interacts efficiently with liquidity risk, credit risk and market risk frameworks discussed above.

Movements in the Group's issued capital, share premium, preference shares, and all other equity reserves attributable to the equity holders of the parent are as set out in the Consolidated Statement of Changes in Equity.

## 19. Share capital

	As at 30 April 2022 No.	As at 30 April 2022 £	As at 30 April 2021 No.	As at 30 April 2021 £	As at 30 April 2020 No.	As at 30 April 2020 £
<b>Allotted, called up and fully paid</b>						
A Ordinary shares at £0.00025 each	-	-	-	-	-	-
A1 Ordinary shares at £0.00025 each	129,777,236	32,444	109,799,115	27,450	94,355,000	23,589
A2 Ordinary shares at £0.0001 each	5,450,728	545	3,858,117	386	2,746,100	275
B Ordinary shares at £0.0001 each	12,585,285	1,259	13,160,265	1,316	13,609,300	1,361
C Ordinary Shares at £0.0001 each	3,548,215	355	3,713,263	371	3,844,900	384
D Ordinary shares at £0.0001 each	3,614,069	361	3,777,083	378	3,902,100	390
E Ordinary shares at £0.001 each	2,500,000	2,500	2,500,000	2,500	2,500,000	2,500
F Ordinary shares at £0.0001 each	3,886,537	389	4,222,380	422	4,548,000	455
	161,362,070	37,853	141,030,223	32,823	94,355,000	28,954

### Rights attaching to the shares

Voting rights as a percentage of total voting rights are as follows: A1 Ordinary and A2 Ordinary shares proportionally – 75.001%; B Ordinary shares – 14.999%; and E Ordinary shares – 10%. No other share class confers voting rights.

On a return of assets, after discharging liabilities, any surplus will be used to first pay holders of all share classes pari passu, with the exception of the E Ordinary shares, an amount equal to the nominal value of such shares; secondly an aggregate sum of £10,000 proportionally to the holders of the E Ordinary shares; and any remaining balance will be paid to the holders of all share classes pari passu with the exception of the holders of E Ordinary shares.

Share class	Voting rights	Dividends
A1	Yes	Yes
A2	Yes	Yes
B	Yes	Yes
C	No	Yes
D	No	Yes
E	Yes	No
F	No	Yes

In October the Company carried out the following share transactions:

- 9,732,884 A1 ordinary shares of £0.00025 each were issued and allotted
- 105,091 A2 ordinary shares of £0.0001 each were issued and allotted
- 248,635 F ordinary shares of £0.0001 each were issued and allotted
- An aggregate of 468,872 B ordinary shares, 137,518 C ordinary shares, 130,608 D ordinary shares and 584,478 F ordinary shares all with the nominal value of £0.0001 each were converted into 1,321,476 A2 Ordinary shares of £0.0001

In December the Company carried out the further transactions:

- On 16 December 2021, the Company issued and allotted 5,392,230 A1 ordinary shares of £0.00025
- 4,853,007 A1 ordinary shares of £0.00025 each were issued and allotted
- An aggregate of 106,108 B ordinary shares, 27,530 C ordinary shares and 32,406 D ordinary shares all with the nominal value of £0.0001 each were converted into 166,044 A2 Ordinary shares of £0.0001

## 20. Reserves

### Share premium account

Includes any premiums received on issue of share capital.

### Non-controlling interests

The movement in non-controlling interests was as follows:

	As at 30 April 2022 £m	As at 30 April 2021 £m
At 1 May	(0.1)	-
Total comprehensive income attributable to non-controlling interests	(0.1)	(0.1)
Acquisition of Renewable Energy Devices Limited	12.0	-
<b>At 30 April</b>	<b>11.8</b>	<b>(0.1)</b>

# Notes to the financial statements (continued)

For the year ended 30 April 2022

70

## 20. Reserves (continued)

### Other reserves

Comprises the fair value of share options recognised as an expense.

	As at 30 April 2022 £m	As at 30 April 2021 £m
Share options	6.4	1.5

Share options have been awarded to employees, the options vest over a period of 24 to 48 months, with a graded weighting of 50% to 100% respectively. A portion of the total share expense will be recognised equally each year over the vesting period.

### Accumulated losses

Includes all current and prior periods retained accumulated losses.

## 21. Share based payments

The Group grants share options to all of the Group's employees, the exercise price is set dependent upon the employee's joining date. Options are conditional upon the employee completing four years' service (the vesting period). The options are exercisable upon a liquidity event arising. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

The share-based payment charge included in profit or loss for the year ended 30 April 2022 was £4.9m (30 April 2021: a charge of £1.1m).

Details of the number of share options and the weighted average exercise price outstanding during the period are as follows:

	30 April 2022		30 April 2021	
	Weighted average exercise price £	Number	Weighted average exercise price £	Number
Outstanding at beginning of year	6.02	2,135,361	6.55	612,565
Granted during the year	9.45	4,254,324	5.84	1,597,382
Exercised during the year	7.11	248,635	6.55	58,205
Lapsed during the year	7.25	549,323	6.55	16,381
Outstanding at the end of the year	8.46	5,591,727	6.02	2,135,361
Exercisable at year-end	-	-	-	-

The range of exercise prices in respect of options outstanding at 30 April 2022 is £6.55 to £14.69 (2021: £6.55 to £8.84).

## 22. Leases

The Group has lease contracts for rental premises, electric vehicle leasing and other equipment used in its operations.

The right of use assets and lease liabilities shown in the Consolidated Statement of Financial Position are in respect of these leases.

The carrying amounts of right of use assets, and the movements during the period, are shown in Note 10 above. All payments due on these leases are fixed under the terms of the relevant lease agreements, with the exception of one that is adjusted annually to RPI.

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	As at 30 April 2022 £m	As at 30 April 2021 £m
<b>At 1 May</b>	<b>8.8</b>	6.1
Additions	31.1	4.8
Accretions of interest	1.4	0.4
Payments	(5.5)	(2.5)
<b>At 30 April</b>	<b>35.8</b>	8.8
Current	4.6	2.7
Non-current	31.2	6.1

The following amounts are recognised in the Consolidated Statement of Comprehensive Income:

	As at 30 April 2022 £m	As at 30 April 2021 £m
Depreciation of right of use assets	6.1	2.3
Accretions of interest on lease liabilities	1.4	0.4

In respect of leases accounted for under IFRS 16, the Group had total cash outflows for leases of £5.5m in 2022 (£2.5m in 2021). The Group also had non-cash additions to right-of-use assets of £nil in 2022 (£nil in 2021).

The Group also has certain leases with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemptions for these leases. Minimum leases payments under non-cancellable operating leases in respect of these items are as follows:

	As at 30 April 2022 £m	As at 30 April 2021 £m
Leases maturing:		
No later than one year	0.6	0.4
Later than one year and not later than five years	-	-
<b>Total</b>	<b>0.6</b>	0.4

The charge taken through the Consolidated Statement of Comprehensive Income in respect of these leases in 2022 totals £0.6m (2021: £0.4m).



# Notes to the financial statements (continued)

For the year ended 30 April 2022

72

## 23. Related party transactions

The Company is owned by (i) Octopus Energy HoldCo Limited (39.07%), which is itself owned by Octopus Capital Limited, (ii) Octopus Capital Limited (0.58%), (iii) Origin Energy International Holding Pty Ltd (16.49%), (iv) Tokyo Gas United Kingdom Ltd (7.48%), (v) GIM Willow (Scotland) LP (8.97%), (vi) CPP Investment Board (2.99%) and (vii) management and employees via a bare trust arrangement with Octopus Nominees Limited (24.42%). It is the opinion of the Directors that the Group and Company have no single controlling party but that Octopus Capital Limited continues to have significant influence.

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

### Transactions with key management personnel

The Directors are considered to be the key management personnel. Key management remuneration is disclosed in Note 7. There were no amounts receivable from, or payable to, key management personnel at 30 April 2022 (30 April 2021: £nil).

### Transactions with shareholders

Transactions between the Group and its shareholders are disclosed below:

	2022 £m	2021 £m
Sales to related parties	22.2	16.3
Equity funding received	444.4	146.2

### Balances with shareholders

	2022 £m	2021 £m
Amounts owed from related parties <1 year	-	24.4
Amounts owed from related parties >1 year	24.4	124.7

These amounts are due as part of the equity investment from Origin Energy and Tokyo gas in FY21.

	2022 £m	2021 £m
Amounts owed to related parties <1 year	2.6	-
Amounts owed to related parties >1 year	30.9	-

Amounts owed are due to Octopus Capital Limited for the acquisition of ORL, see Note 13 for further details.

## 24. Events after the reporting date

On 9 May 2022, OEL signed an agreement to early finance the industry levy receivables related to the Avro SOLR customer acquisition. This agreement accelerated the receipt of £633m of receivables from other industry counterparties.

OEGL has received cash in from CPPIB (£106m), Origin Energy (£94m) and Tokyo Gas (£45m) on 9 August 2022 as part of Tranche 2 for the committed equity investment.

In September 2022 the UK Government announced the Energy Bills Support Scheme (EBSS). The EBSS is a scheme which forms part of the Government's cost of living assistance package for energy consumers from October 2022 to March 2023. The EBSS provides domestic electricity customers in Great Britain with £400 of support, delivered by electricity suppliers, such as OEL, over six months from October 2022.

Additionally, the UK Government announced the Energy Price Guarantee (EPG). The EPG will reduce the unit cost of electricity and gas so that a typical household in Great Britain will save around £700 this winter. The EPG will be in place from 1 October 2022 until 31 March 2023 and will pay suppliers, such as OEL, the value of any consumption used by consumers over and above the Government's Price Cap.

Following an industry consultation subsequent to year end and determination in September 2022 a further claim has been submitted for consideration by Ofgem in recent weeks relating to the Avro SOLR process and represents a further c.10% of the increased total claim of £760m. No value has been recognised for this additional claim submitted post year-end reflecting the additional basis for a further determination only being provided subsequent to 30 April 2022 and it accordingly has been treated as a non-adjusting post balance sheet event. It is also subject to agreement and finalisation with Ofgem and at an early stage of that process.

On 28 October 2022 the Group executed an agreement with the special administrators of Bulb Energy to acquire a business containing Bulb's 1.5 million customers. The sale will be completed following a statutory process called an Energy Transfer Scheme, which will transfer the relevant assets of Bulb into a new separate entity that will protect consumers during the transfer process. On 29 November 2022 the High Court set a timeline for transfer on 20 December 2022. Whilst the decision of the Secretary of State for Business, Energy and Industrial Strategy has been challenged through a judicial review expected in early 2023, transfer will be on the 20 December 2022. There is no impact on Octopus Energy Limited expected in the next 12 months as the acquired business will remain separate and ringfenced from the Group over that period.

# Statutory Company information

74

Octopus Energy Group Limited  
Annual Report and Financial Statements 2022

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